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ABSTRACT

Problems, issues, and the potential of higher education were discussed at SREB's 26th Legislative Work Conference. Higher education's dilemma is that a steady state will bring increased pressures for change, not for operating on the basis of more of the same. Topics in the report include: highlights of a profile of higher education in the South, 1985; new assumptions for higher education: (1) from the state higher education agency, by Kenneth Ashworth; (2) from the legislature, by Lucille Maurer; and (3) from the university, by Frank Newman; higher education cost realities by both John D. Millet and Frank A. Schmidtlein; a perspective on education and employment in the South, by E. F. Schietinger; regional manpower outlook, by Eva C. Galambos; career planning at colleges and universities, by Anne Seawell; education as a state priority, by Ralph D. Turlington; and views on collective bargaining, by John R. Silber and Robert D. Nielsen. (LBH)

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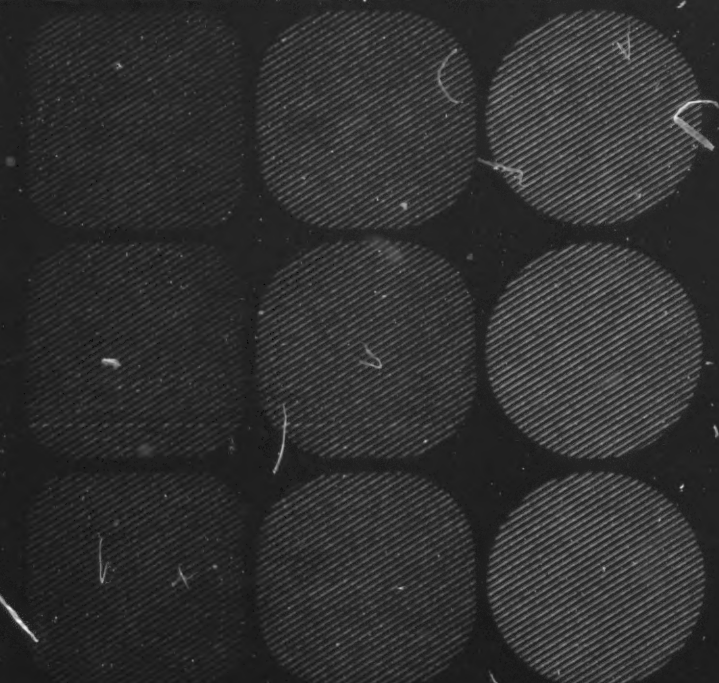
Proceedings of
the SREB-Legislative Work Conference
May 10-13, 1977

STABILITY and CHANGE – Postsecondary Education's Future



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Foreword

"Steady state" was a term unfamiliar to most a few years ago when it was coined to describe the forecasted era of little or no growth in higher education. Furthermore, few persons wanted to believe it could happen or to consider its implications. Regardless of what term we use to describe this period in higher education's future, discussions about its consequences and implications will face state policy makers and educators for the years ahead.

Higher education's dilemma is that a steady state will bring increased pressures for change, not for operating on the basis of more of the same.

Southern legislators discussed many of the issues which will affect this adjustment period when they met at Point Clear, Alabama, for SREB's 26th Legislative Work Conference. "Stability and Change: Postsecondary Education's Future" was the theme for this annual forum for legislators to consider problems, issues, and potential of higher education.

As background for the discussions, SREB staff presented its *Profile of Higher Education in the South in 1985*, a staff report on one possible picture of the future of higher education in the South.

"If Not Growth, What?—The New Assumptions in Higher Education" was discussed by a state higher education agency head, a legislator, and a university president. Kenneth Ashworth, of the Texas Coordinating Board, questioned whether higher education would adjust adequately to a new set of circumstances and saw some of the initial changes as stop-gap at best. Delegate Lucille Maurer of Maryland noted the dual problem of facing the slow or no-growth period ahead while maintaining the capability of perhaps turning around and expanding in the 1990's. Frank Newman of the University of Rhode Island contended that incentives for change will be the key to adjustment, but that many of the current incentives encourage the wrong kinds of actions.

The financial decisions in the adjustment period ahead will be difficult ones for state policy makers. John D. Millett, of the Academy for Educational Development, noted that higher education is a more than $40 billion operation in this country, and he detailed several factors pertaining to cost objectives, cost pressures, and cost priorities. Frank Schmidtlein, of the Maryland State Board for Higher Education, commented on numerous financial consequences of a period of limited growth.

The link between education and employment was discussed by considering some of the practical aspects of manpower supply and demand and career planning. SREB has conducted manpower studies in recent years for the full range of collegiate job opportunities and many specific employment areas. E. F. Schietinger, of SREB, provided background on some of the developments that have made the education—employment issue a practical problem which educators and state policy makers are now facing. Eva Galambos, of SREB, described SREB's work in the manpower area and how it can be used by students, counselors, and state policy makers. Anne Seawell, of the University of Georgia, commented on how college students today are reaching career decisions.

That education in general and higher education in particular do not enjoy the priority prevalent a decade ago is oft repeated. Still, education from kindergarten through university accounts for the largest share of state spending in most states. The questions of how education ranks today as a state priority and how higher education and elementary-secondary education relate were addressed by Ralph D. Turlington, Florida Commissioner of Education. Commissioner Turlington, who served for 24 years in the Florida legislature, claimed that education remains a state government's greatest single responsibility.

Collective bargaining in higher education remains an issue on which opinions are sharply divided. The sharp division of opinion was underscored for legislators by Robert Nielsen of the American Federation of Teachers and John Silber of Boston University. Nielsen noted that faculty in the South are organizing in large numbers, although there is little interest in bargaining. Silber, who is involved in a court suit in which he is opposing collective bargaining actions at Boston University, argued that collective bargaining for faculty is unnecessary and unwise and reduces a university to something more closely resembling a factory.

SREB hopes that the discussions at the Legislative Work Conference and review of these published presentations will be helpful to educators and state policy makers as they face difficult decisions.

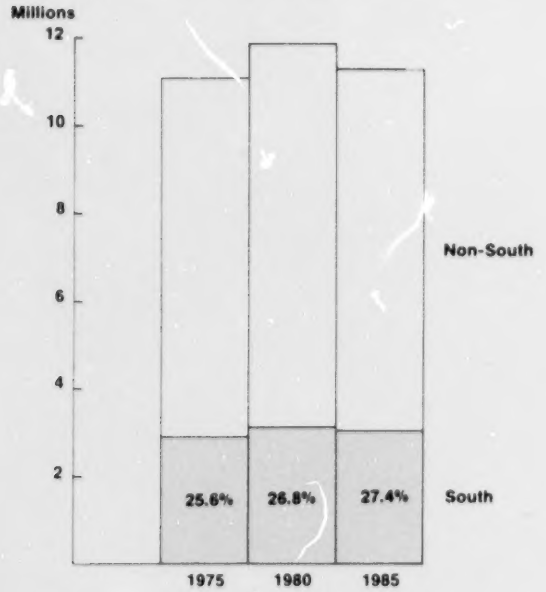
Winfred L. Godwin
President

Highlights of a Profile of Higher Education in the South in 1985

In considering postsecondary education's future, the 26th SREB Legislative Work Conference began with a summary of SREB's recently published, *Profile of Higher Education in the South in 1985*. The SREB profile provides one possible picture of how higher education might look in the South in 1985. The profile is based on the likely consequences of some of today's more important trends and events, and how these might be projected through 1985. It is only one of many possible profiles. Decision-makers can and will influence these trends by making policies that affect how many and what kinds of students will enroll in the future. Policies are already underway that might eventually alter these trends. The profile does not account for those possible changes. Instead, it offers a future baseline which assumes a continuation of present trends against which we can gauge how effective postsecondary policies will be in attempting to change future higher education for the better.

Figure 1

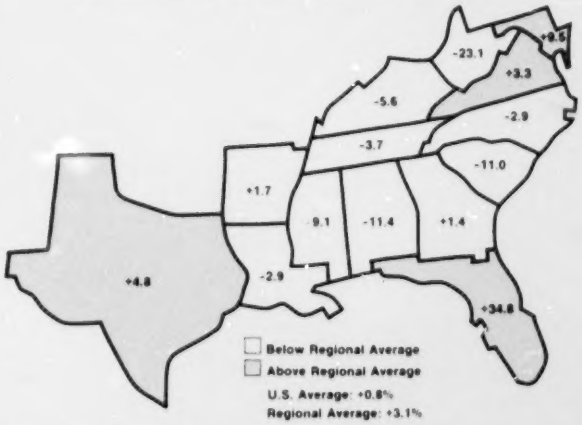
College Enrollment, United States and South, 1975; Projections, 1980 and 1985



Source: James R. Mingle, *Fact Book on Higher Education in the South, 1975 and 1976*, Southern Regional Education Board, 1976.

Figure 2

Percentage Changes in Projected College-Age Population (18 to 24 year olds) 1975-1985



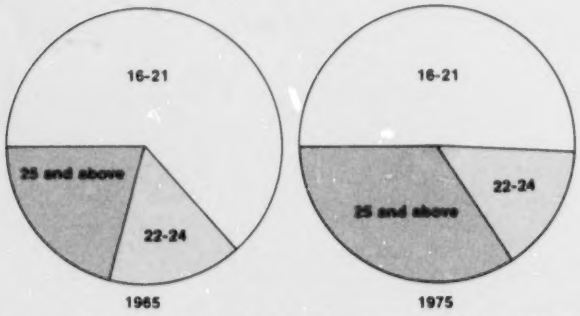
Source: James R. Mingle, *Fact Book on Higher Education in the South, 1975 and 1976*, Southern Regional Education Board, 1976.

The profile estimates that in 1985 higher education enrollment will total 11.4 million students nationally and 3.1 million in the 14-state SREB region. Between 1980 and 1985, enrollment is expected to decrease by 4.1 percent in the nation and by 2.0 percent in the South. It is likely that between 1975 and 1980, enrollment will grow in both the region and the nation, but nevertheless there may be fewer students in 1985 than in 1980. Figure 1 traces how Southern regional enrollment is becoming a larger part of total national enrollment. The figure depicts a very slight enrollment increase between 1975 and 1985 of 2.0 percent for the nation and a comparatively modest regional increase of 9.3 percent. These increases are much lower than the 88 percent increase experienced between 1965 and 1975 nationwide.

By far the most influential force affecting enrollment will be the smaller growth and even decline in some states in the number of 18 to 24 year olds. The number of people in this traditional college-age population group is expected to increase by only 3.1 percent in the South between 1975 and 1985. Even this small increase will be larger than the 0.8 percent increase expected for the nation. Figure 2 shows the varying effects of this demographic change on Southern states. Migration patterns

Figure 3

Distribution of College Enrollment by Age, United States, 1965 and 1975



Source: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 162 and 294.

make individual state projections not as certain as the total regional and national estimates. The absolute number of 18 to 24 year olds will decline from 1980 to 1985—by 5.5 percent in the nation and 3.4 percent in the region. But despite this decline in the South, the region will have a slightly larger part of the nation's 18 to 24 year olds in 1985 than in 1980 or 1975.

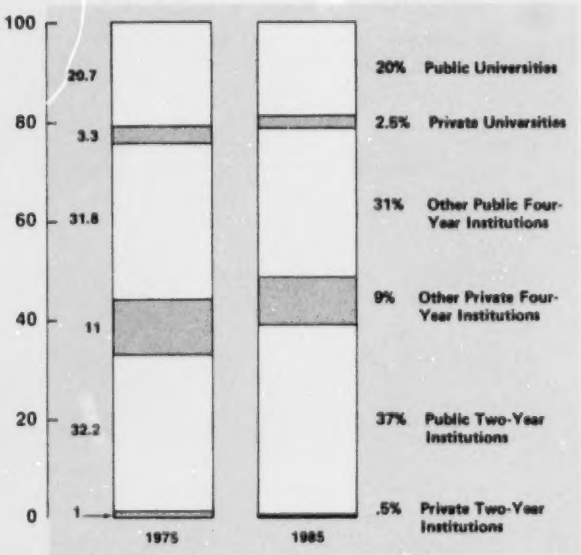
To know more specifically what higher education might look like in 1985, it is necessary to describe not only how many students will be enrolled, but what kinds of students will enter and for what reasons. Perhaps the characteristic that will have the most influence on higher education as 1985 approaches will be the continuing enrollment of older students. Figure 3 illustrates the changing role that different age groups have played in national enrollment. The oldest age group—those 25 and older—has made most of the inroads. At the same time, most of this increase is reflected in the decrease in the 18 to 21 year olds enrolled. Some of the increased enrollment from the older age groups may be due to the upward shift expected in the national age distribution, where the median age of the population was 28 in 1970, 29 in 1976, but is expected to rise to 33 in 1985. Increased leisure time, rising personal income, and higher levels of previous educational attainment of a more mature population all point to increased numbers and larger proportions of older students.

The sex and racial composition of the projected enrollment may also be different. In the nation and the region, blacks may be expected to increase their share of total enrollment between now and 1985 to levels more in line with their percentage of the total population. Another group expected to continue to increase in enrollment through 1985 will be women, who have grown as a percentage of total Southen enrollment from 1951 (36.5 percent) to 1961 (39 percent) and to 1971 (41.7 percent). By 1976, women comprised 47 percent of the total Southern student population.

The changing characteristics of students may affect the ways in which they enroll. From 1974 to 1984, non-degree related enrollment (or enrollment not related to a bachelor's or higher degree) is expected to increase its share of total enrollment in the South from 10 to 15.5 percent, mainly at the expense of undergraduate and first professional degree enrollment, which may drop from 79 percent in 1974 to 73 percent in 1984; graduate study is expected to remain relatively constant at about 11 percent. The reasons for these changes are that greater proportions of older students, women students, students who work full-time and who elect part-time study will be enrolling. These kinds of students will choose to go to college to upgrade their skills for their present occupation or to transfer to another job. Also, more people will enroll for avocational and cultural purposes, or life-long learning. For these reasons, the emphasis on the direct route to the four-year bachelor's degree may decrease as skills or avocational interests become more appropriate for many people. Graduate enrollment may hold at its present level, even though

Figure 4

Percent of Enrollment by Type and Control of Institution, South, 1975 and 1985



Sources: James R. Mingle, *Fact Book on Higher Education in the South, 1975 and 1976*, Southern Regional Education Board, 1976; projections based on an adaptation to the South of trends for the nation estimated by NCES for the institutional categories in *Projections of Education Statistics to 1984-85*, 1976.

there will be oversupplies of many advanced degree-holders. This may result because many bachelor's degree majors lack clout in the job market unless advanced degrees are held.

The kinds of students who enroll and the ways in which they enroll go a long way in determining how different kinds of institutions may expect to share the total enrollment in 1985. Figure 4 highlights the growing part that public two-year institu-

tions may be expected to play in total enrollment in 1985. All of the other public and private institutions may decrease as a proportion of total enrollment over the 10-year period, especially the private sector. Since enrollments in 1985 and 1975 are expected to be approximately the same, we are in essence talking about actual gains and losses in enrollment. The major reason for the increase in two-year college enrollment is that greater proportions of older students will enroll. Over 73 percent of students over 25 years old now spend their first two years of college in a two-year institution and this percentage is growing. These colleges tend to be less expensive, more accessible, and more related to occupational interests, all of which are traits that fit in with the needs of older students.

With enrollments decreasing, especially after 1982, and with some inflation likely to continue, the financial condition of private institutions may be severe. Larger, private, comprehensive four-year colleges increasingly may be financially pinched as teacher education programs continue to phase down because of the oversupply of elementary and secondary school teachers. Even the larger, private universities may expect increased financial difficulty as graduate enrollment slows through 1982 and declines in absolute numbers after 1982. The small, private liberal arts institution will be especially threatened. Because of their smallness, they may lack the flexibility to adjust budgets to enrollment fluctuations and new program demands. Because of their more rural locations and liberal arts emphases, they may not be able to attract the new population of older, career-oriented students who could balance the expected decrease in traditional college-age students.

With enrollment expected to decline through 1985, fewer new faculty will be needed if student-faculty replacement ratios remain the same. With enrollments declining in total numbers after 1982, fewer faculty will be needed. Some new faculty will continue to be hired, as the reduction of faculty due to enrollment loss should not exceed the number of faculty who leave academe and must be replaced. But even assuming a relatively high replacement rate, higher than that of the 1960's, fewer than 5,000 new faculty would be needed each year from 1982 to 1985 in the South. This contrasts with annual demands for about 7,000 new faculty from 1972 to 1982, and 9,000 new faculty from 1962 to 1972. These enrollment driven and faculty replacement factors, along with the prospect that legislatures will continue to press for higher and more economical student-faculty ratios, and the shifting of students to community colleges, where larger teaching loads and subsequent higher student-faculty ratios already exist, may combine to decrease the demand for new faculty. New Ph.D.'s will be affected particularly by the lowered demand for new faculty since historically only 44 to 50 percent of the total new faculty hired have held the doctorate. This would cut the demand for new faculty with Ph.D.'s to fewer than 2,000 annually by 1985. These prospects will be of particular concern to those graduate programs which train Ph.D.'s normally headed for faculty positions.

In summary, some of the highlights of the 1985 profile of Southern higher education are that:

- † The growth of total enrollment will slow and then decline through 1985;
- † Total enrollment will decline in absolute numbers between 1980 and 1985;
- † Non-degree enrollment will increase and bachelor's degree-oriented enrollment will decrease as a proportion of total enrollment;
- † Women and blacks may be expected to increase as a share of total enrollment;
- † Relatively more students will be older than 21, will enroll part-time, and will seek career-related study;
- † Public two-year colleges will continue to increase their proportional share of total enrollment;
- † Universities and private institutions will have their shares reduced;
- † Private higher education may experience increased financial difficulties;
- † The demand for new faculty will decrease in absolute terms.

Figure 5

New Faculty Needed in South, 1977-1985 Projected, As Net of Enrollment and Replacement Demands for Faculty

1 Based on National Center for Education Statistics (NCES) projections of full-time-equivalent faculty (Instructor or above) in all U.S. higher education institutions, converted to Southern regional estimates by applying the South's percentage of total U.S. enrollment to the national faculty projections (27 percent 1977-1979, 27.5 percent 1980-1985)

2 Based on applying a replacement rate of 4.5 percent to total full-time-equivalent faculty in previous year, converted to Southern regional figure by applying the region's percentage of national enrollment to total faculty

New Assumptions in Higher Education — Three Views

"Schools are borrowing against a very uncertain future in order to sustain a past that does not fit the present."

— Kenneth H. Ashworth

"...we are asking higher education to adjust rapidly to changes of direction, not just a change of pace."

— Delegate Lucille Maurer

"...the incentives for change...within institutions of higher education...are largely all wrong."

— Frank Newman

View from State Higher Education Agency

Kenneth H. Ashworth*

I come to you obviously as a pessimist. I think George Burn's definition of a pessimist has always been the one I like—he says a pessimist is a person who feels bad when he feels good because he worries he's going to feel worse when he feels better. Another definition of a pessimist is one who's lived all his life around optimists. I feel sometimes that's where we are in higher education.

Animals are constantly evaluating the external world in which they live and adjusting to it. To react to the cold they grow fur, eat more food, or become more active. To react to heat they molt, slow down, eat less, and sit in the shade. They also make accommodations to long-term changes through evolution.

Organizations must adjust to the external world as well. To do this they must have information about the real world. If the information is faulty or filtered or ignored or deficient, the organization loses touch with reality and the external world. Such an organization will not change or evolve to fit the new situation, and consequently in time it will die.

Obviously I am talking about institutions of higher education. But some presidents and deans and faculty say the information is not clear enough yet to require them to change from the approaches that have been successful for them in the past. They seem in my judgment to be guided by First Corinthians, which says, "If the trumpet give an uncertain sound, who then shall prepare himself for battle?"

My response to that is: there is now a chorus of trumpets, all in tune, playing in close harmony, and you'd have to be deaf or indifferent not to be hearing those trumpets.

I hope our colleges and universities are not the walls of Jericho, because we could all benefit from looking at the trumpet score. Part of it you heard played earlier on the analysis of demographic changes in the South. Let's look more specifically at the information the scientists have generated about their fields.

There will be 15 percent fewer students in science and engineering in 1985 than 1970. The physical sciences will be down by 55 percent. This, in turn, will lead to a decline in numbers of faculty positions required, obviously. The ratio of young doctorates holding tenured positions has already dropped from 42 percent in 1968 to 27 percent in 1975. Also, a larger percentage of positions will be held by tenured faculty, and retirement age is 70 in many schools. In chemical engineering 81 percent of the faculty is tenured; in physics, 78 percent; in all science and engineering it is 70 percent. That does not even address the more critical issue of what percentage of the *salaries* go to tenured positions.

Will such a situation result in our losing the torchbearers in our scientific fields; those who will carry on the advancement of scientific discoveries? That worries many of our scientists.

But our concerns about slowing growth rates cannot be limited to higher education. We need to look at what businessmen are saying. Louis Lundborg, former chairman of the board of the Bank of

Dr. Ashworth is commissioner of the Coordinating Board of the Texas College and University System.

America, is looking realistically at our external world. These are some of the things he sees:

1. An era of restrained industrial growth;
2. The throw-away economy has been a short-term success and long-range mistake;
3. Repair and maintenance will become socially acceptable;
4. Growthmanship will give way to other measures of economic value for investments;
5. Multinational corporations will become an even more potent force in the world;
6. Jobs in industry will shrink, and shifts to service industries will occur;
7. The dislocations will be painful and resisted;
8. Cultural and recreational pursuits will displace investment in material goods. Lundborg said, "Most of what we produce is no more essential to survival than is backpacking, bird-watching, or playing the piano," and, I would add, or the cultured mind.

Other businessmen say we are moving at top speed to a national catastrophe. Paul Samuelson says President Carter's task on an energy policy is much like that of Roosevelt in the late Thirties on Europe and Japan. Most Americans knew involvement in World War II was inevitable, but we had to be brought to the recognition slowly. President Carter faces much the same problem. Most of us know that drastic changes in energy consumption are unavoidable, but we want to come to it gently without any abrupt change. We live in an unusual time in the history of man. Around 1900 we devised a vehicle to burn petroleum, a black, smelly substance of limited use, until then. Around the year 2000, we will have used up—in 100 years of man's life on this earth—almost all of the petroleum which was deposited over tens of millions of years. We have lived in man's greatest period of profligacy. Now time is running out, and the energy problem will have no less impact on colleges than any other segment of society.

"Some of the changes . . . are questionable . . . stop-gap at best and self-destructive at worst."

With everything costing more and money flowing out of the country to buy the oil and gas we need to run our economy, a slowdown in our growth and changes in life style are inevitable.

Kenneth Boulding, an economist, in writing on growth behavior said this: "When an open system is threatened, either by the absence of *inputs* or the inability to get rid of *outputs*, it indulges in at least scanning or seeking behavior in the endeavor to find a new environment in which it can survive."

That may be complex language, but it fits higher education: we can't get rid of all our outputs. That is, graduates in some fields can't find jobs, and the pipelines are full of more of the same coming out. We have an absence of inputs. That is, students are becoming scarce.

Kenneth H. Ashworth

Consequently, somebody better be exercising some scanning and seeking behaviors in order to survive.

Some of the changes in behavior taking place are questionable and, I think, stop-gap at best and self-destructive at worst. Schools are lowering admissions standards to find new clientele. Then they have to inflate grades and drop performance standards to keep the students in school. New entrepreneurial charlatans have found a market for selling degrees under the guise of innovation. If students can't be enticed to the campuses, schools take the courses to them. Eureka—the portable university! And the more schools involved, the fewer are the critics. When everybody becomes dependent on the same procedures, who is without sin to cast the first stone? And the few critics are shouted down as traditionalists and elitists, which are becoming as reprehensible in higher education as right wing revisionists in Russia. My response is that it's hard to get a man to understand something when his salary is dependent on his *not* understanding it.

Kenneth Boulding also says we have been on a steady growth curve for hundreds of years in the Western world except for the short setback of the Black Plague. Even in the midst of wars we have grown, sometimes faster than when at peace. The growth was sharply accelerated by the industrial revolution during the past 100 years. Now, perhaps for the first time in centuries, we face no growth as we confront finite resources and the inescapable necessity to share and distribute them. The point economists are making is that even if we *could* outbid the rest of the world for energy and other resources in order to continue on our present path,

all we would do is destroy the international community, and us with it. We are going to have to share more in order to survive, at some sacrifice to our own standard of living and rate of growth.

Now, what do any of us do in a no-growth situation? Who knows? No one has experienced it except perhaps the shipbuilding industry in England at one time and the railroads in the United States. But on a world-wide basis? Nobody knows.

How about higher education; how do we respond? It seems one knee-jerk response is to build another building or introduce another degree program—particularly at the doctoral level—because that's what helped us with our problems in the last decade.

Schools are borrowing against a very uncertain future in order to sustain a past that does not fit the present. Disaster looms as a consequence, and major universities which have touted themselves as critics of society, the prognosticators of the next century, the seers of all good and bad and truth and beauty, turn their eyes away in horror from the steps that must be taken to ensure their own survival. Higher education ought to be helping other institutions adjust to no growth and the changes required, but many colleges seem incapable of helping themselves.

I predict things are going to get very bad in some locations and in some types of schools. To quote Boulding again, he said once, "The best form of loyalty to a hopelessly insolvent organization is to bankrupt it as soon as possible so that it may be reorganized into a viable form."

We will, in my judgment, see some legislators forced into some mercy killings of some schools, or at least a system of triage, that is the sorting of those wounded in battle to save those wounded least at the price of those mortally struck. Or at least we will see the tubes and plugs pulled as we discontinue "heroics" to keep the hopelessly ill alive.

I know this is cruel and depressing, but my major was economics, the dismal science. I try to live up to the expectations of my faculty. Also, I believe that if you expect the worst you're never disappointed—and expecting the worst makes you work harder.

It's not in the Bible and I can't find it in Alexander Pope either, but I know there is somewhere a statement that says, "Blessed is he who administers in a pericd of growth. Persecuted is he who administers in a period of no growth. But damned is he who must administer during that transition period from growth to no growth." Perhaps with this talk, you'll understand why in Texas I'm sometimes labeled as the black crepe commissioner.

I want to close with the greatest misstatement I know. McGeorge Bundy is reported to have said about administration at Harvard, "Only at the edge of growth was there room for administrative initiative."

I believe at the edge of *no growth* we face the greatest possibilities and the greatest needs for administrative initiative higher education has ever faced.

View from the Legislature

Delegate Lucille Maurer*

In contrast to Commissioner Ashworth, I am a moderate optimist about the outlook for higher education.

I believe higher education will, in time, respond to changing conditions more realistically and more coherently than has been evidenced to date—not because the institutions will change their habits of operation primarily of their own accord; rather, these changes will come as a consequence of statewide planning and coordination, and as a result of redesigned public policies reflecting adjustments to the needs of the decade ahead.

It simply isn't in the realm of reason to expect large institutions, any more than large ships, to be able to make a 90 or 180 degree turn on short order. After all, we are asking higher education to adjust rapidly to changes of direction, not just a change of pace. We are asking for this change of course at the same time the institutions are coping with the impact of spiraling costs, with increased resistance by taxpayers to heavier tax burdens, with student resistance to increased tuitions, and with faculties seeking higher salaries.

Fortunately, most states have put in place at least the structure to undertake statewide planning and coordination. Forecasts of changing conditions are available; recommendations in response to those changes are being made. Adjusting public policy in a responsible way and implementing those policies are what we as legislators must weigh and undertake.

Before I turn to some of the issues and options

*Delegate Maurer is a member of the Maryland House of Delegates and chairs the Education Subcommittee of the House Ways and Means Committee.

in higher education, I want to make two observations about our mind-set as we proceed to make those policy decisions. The first is the importance of thinking about more distant concerns as well as focusing on the immediate or near-term ones. While we have been looking at trends through 1985, including the drop in the birthrate, the potential for declining enrollments, and the high proportion of tenured faculty, to name a few, we must also bear in mind that about the year 2000 and the decade thereafter, the grandchildren of the post-war babies will be of college age, the tenured faculty will be retiring, and many buildings will be 40 or 50 years old—thus setting the stage for another cycle of growth and replacement. My point is that while it is reassuring that happy days can be seen distantly in the future, and while we must of course adjust to the immediate problems, the fact is that how we resolve current problems may deeply affect the capabilities of higher education to deal with future problems. Therefore, policies designed to meet present trends must be analyzed for possible negative implications further down the road. Will there be a source of new faculty members? Will the institutions have to take on a large number of young faculty all at once? These are just some questions which should be considered for the longer term. After all, our concern is that higher education thrive in the future as well as survive now.

This leads me to my second observation, which is keeping our faith in the importance of higher education. Higher education has something of a tarnished image right now. Some people say the individual's investment in higher education isn't paying back the dividends it should, or that we are overeducating our population. Yes, there are changes in employment patterns and yes, there are going to be changes in relative cost/benefits, but despite these trends, the fact is that the human capital created through learning is the source of much of the strength of this nation. Thus, the limits of our resources to support higher education in the light of increased needs in health, transportation and other fields, should not limit our faith in the importance of higher education. Rather it should spur us to maintain programs of quality, to provide more access to higher education and to find more efficient alternatives to some of the ways in which education services are delivered.

Having commented on the national interest in a continuing commitment to higher education, let me turn to some of the federal policies and national issues which will have a major bearing on the general conditions under which public policies will be developed at the state level. Hopefully, as legislatures and as regional bodies, our views will be factored in at early stages of federal policy development so that we will help shape those policies instead of merely reacting to them.

First, little discussion has yet occurred at the state level about the implications for higher education of the shift to the volunteer armed services. It appears the recruitment incentive offered the volunteer is education. We are thus talking about education offered to young people while they are in the service, at a time when they are frequently moved from base to base. This is a vast change from a veterans' bonus approach with education offered to a civilian who moves to or near a campus and can complete the educational program at the institution of choice.

The magnitude of this change is important to consider. The Department of Defense estimates that

> "...policies designed to meet present trends must be analyzed for possible negative implications further down the road."

as many as 30 percent of the male high school graduates will have to be attracted into the armed services if a volunteer program is to succeed. One can look at that in two ways. Are the volunteers some of the clientele who are expected to enroll in our state institutions, or are these young people who may never have planned to continue their education? Is this a drain on forecasted enrollment or a new clientele for higher education? Probably some of both.

How can statewide planning agencies and institutions anticipate these potential changes? How can regular communication be established?

It is a vexing problem especially because we have no structure for the base commanders—the individuals who generally make the decisions about education programming on their bases—to be in regular communication with the state agency staff and with institutional leaders. Without regularized communication and without a state interest in the problems of the military, it is not at all unusual for distant institutions to offer education programs on a base rather than institutions from the state in which the base is located. As on-base education programs increase in size and scope, the potential impact on state plans also increases. In this connection a task force established by the Education Commission of the States in cooperation with the Serviceman's Opportunity College recently recommended the establishment of a Council at the national level to encourage and formalize communication between the military and civilian higher education authorities. A similar pattern of communications was also recommended for each state.

I have explored the armed services issue because it is so rarely mentioned in discussions about new assumptions in higher education. Now I want

to turn to other issues of concern at the federal level. These include student aid, the impact of rules and regulations and conflicting directives from the federal agencies.

With respect to student aid, there has been a proposal to eliminate the direct student loan program and to shift federal funding into a guaranteed student loan program. The proposal is to be given further study. I suggest that we at the state level need to consider the impact such a change would have on the availability of loans for students in our respective states. While there is real concern about the extent of payment failures in the direct loan program, there is also deep concern that the federal guarantee on loans from banks fails to produce loans for many worthy applicants.

Another aspect of the student aid question is the level of the ceiling on the amount of aid allowed per student. Even more controversial is the level of family income at which eligibility is cut off.

I keep hearing from families who are struggling to maintain two or three children in college at the same time despite what would appear to be a relatively high middle income status. If our goal is to provide greater access to education, the amount and kind of student aid from federal monies is a matter of critical importance.

Another consideration should be the impact of federal rules and regulations. We tend to be very sensitive to proposed legislation but much less aware of the process of promulgating rules and regulations to implement legislation. When the enforcement stage is reached then there is awareness of the outcome. Desegregation plans, affirmative action, and institutional eligibility for federal funds are matters which are obviously of great importance to higher education and to state policies and programs which are controlled in many re-

> "In a steady state...there is no 'new' money to change programs — no margin for flexibility."

spects through regulatory authority. We legislators need to become more active participants in the rule making process too.

I might also point to conflicts among federal agencies with responsibilities which affect higher education, which leave the institution or the state to determine which agency to uphold. You may recall, for example, a conflict between agencies in connection with pensions, affecting Columbia University and Teachers Insurance and Anuity Association (TIAA). One part of the federal establishment said TIAA doesn't meet affirmative action standards and another part said it did. Columbia, with a TIAA contract for its faculty, was caught in the middle. Thus, the interface between higher education and the federal government is ever more complex.

While continuing to mention forces at work shaping the world of higher education, I should mention changes in accreditation, a voluntary process to assure program quality. "Can higher education regulate itself in today's complex world?" is

Delegate
Lucille Maurer

a question which is sometimes asked. For example, when universities and colleges spawn satellite campuses and off-campus programs far distant from the home campus, who is responsible for program quality? In the past, accreditation of the home campus provided an umbrella shielding some out-of-town and out-of-region courses. Recently, the Council on Postsecondary Accreditation—the body which accredits accrediting agencies—has taken steps to strengthen and revitalize the accreditation process. This included producing standards for separate accreditation of programs outside the region of the home campus. There is, however, a role for states in regard to chartering and approval of institutions, and this brings me to some issues at the state level which we should discuss.

In addition to state approvals, I will mention such issues as tuition policy, policies with respect to part-time and returning students, and the manner of distributing state funds to public institutions. Obviously, this is not a comprehensive list of issues, nor are these issues necessarily consequences of or alernatives to no-growth. These are variables, however, which, depending on their outcomes and in combination with federal policies, could significantly alter the conditions under which higher education will function.

Returning to the state role of approving educational institutions, I suggest this is an especially important role in a period when there may be keen competition for students, and when fly-by-night, off-campus programs are tempting possibilities. Model legislation has been recommended by the

Education Commission of the States to provide the legislative framework and appropriate state capabilities in connection with such approvals. The state approval process and voluntary accreditation together can help maintain program quality.

The question of what kind of student seeks higher education also raises many policy questions. Clearly, campuses are no longer the preserve of the 18 to 24 year olds. The average student is older and more often a part-time student than in previous years. If the 18 to 24 year olds are declining as a proportion of the population, colleges and technical and vocational schools will increasingly need these older and part-time students to prevent a serious decline in enrollment.

This is not a senior citizen issue. many states already provide free or reduced tuition to senior citizens. Rather, the issue is whether we should subsidize the older student to the same extent we subsidize the young students. If we do and the 25 to 60 year olds are the taxpayers, do the rest of our policies and programs mesh? For example, is scholarship money available for part-time students? Is there a full range of services such as career guidance available?

Another concern is tuition policy. Should tuition be low? Should tuitions rise regularly? Should tuitions be a certain percentage of costs? What will be the impact of tuitions at private institutions rising more rapidly than at public institutions? Is it possible to support diversity in institutions without dealing with the issue of tuition policy and the relationship of the public and private sectors? These are certainly areas we need to continue to explore.

Still another concern is the issue of allocation policies and distribution formulas. Legislators typically want to keep very tight control over appropriations, and we certainly all want to encourage increased efficiency and accountability. But, there are problems if we use an enrollment-driven formula, based on a set allowance per pupil, in a period of stable or declining enrollments. In a steady state, for example, there is no "new" money to change programs—no margin for flexibility. With a declining enrollment, the type of formulas we have can work even more to the disadvantage of the institutions. Thus, we are going to have to look at the way we allocate money as well as the total dollars appropriated.

In summary, I would say we should look to the long-run as well as to the immediate future as we make decisions about higher education. I would offer a reminder of the significance of federal policies and decision making; and I would say that by responsibly addressing state policies which affect the general condition of higher education, we will confront and hopefully resolve the problems which arise from changed growth patterns and that we will successfully continue to provide opportunities for the citizens of our states to learn and provide a better life for all of us.

View from a University

Frank Newman*

If not growth, what? Does it matter? One of the questions I asked myself was, "Supposing growth isn't present, does that have any significant influence, or can we be as effective in a steady state as we've been in a growth state?" I believe it does matter for some very important reasons. Among other reasons, the philosophy of what we do has a profound effect on the pragmatic nature of politics. When there's a commonly shared rationale—when we all believe in something—it has a profound effect on what we're doing, whether we're talking about making the world safe for democracy, or landing on the moon, or solving the energy crisis.

I think we tend to underestimate the significance of having that shared philosophy—the significance of a widely accepted national, state or, for that matter, an institutional sense of what it is we're trying to accomplish. In the 1950's and 1960's, we did have in higher education such a commonly shared rationale—that rationale did go through a continuing evolution, but it was widely shared through that evolution. It started, you may recall, with the perception in the late 1940's and early 1950's that there was a shortage of trained specialists. This gradually evolved into the concept that we needed to broaden access; and then it was we ought to go even further and seek out people who could benefit from higher education. At the root of it all was a shared belief in growth within higher education. It was an exciting period. It transformed American higher education.

Consider research for example. Research in this country is based on our academic institutions, consciously based as a matter of national policy on our academic institutions. Today the United States is in a position of leadership in nearly every single field of research. This is a remarkable development, for you will remember that as recently as the 1940's—30's—20's, one did not come to the United States to study medicine or chemistry; one went to

*Frank Newman is president of the University of Rhode Island.

various places in Europe. But by the 1960's persons were coming from around the world to the United States to study essentially any thing in any field.

The developments in higher education transformed American society. In 1940, one out of 10 in the age group that reached 22 had attended college. In 1970, it was one out of two. Our educational approach made us the envy of the world and it was

Frank Newman

widely copied. There were a few bad side effects, but on the whole it was an extraordinary period. But it's over, for many reasons—the whole competition for resources and the high cost of running a large educational system, the balance between supply and demand and our perception of that, and maybe just the simple fact that we have to have some period of digestion. But growth was the driving force. It meant pride. Even states outside of Texas were proud of pointing out that their's were the largest this or that or had grown so much since 1950 and so on.

Growth was the vehicle for achieving quality. The major way we achieved quality during that period was the by-pass system. Stated simply, if you had an area that was weak, what you did was build around it and left it in a back water—much like the McArthur system of advancing across the Pacific in World War II. If, for example, you had a bad economics department, you simply imported some people and built another economics department and left that one sort of on the side. Sleepy teachers colleges that hadn't had a new idea in 40 years were built into major state colleges. The by-pass system was a terribly important process. It was the vehicle for reorganization. It was where the multi-campus system came from, our coordinating board and a variety of other things. Well, if that's so true, if not growth in the 1980's, then what?

I think the logic of what ought to be the rationale is clear. I think the rationale ought to be roughly the same as, if you'll pardon the expression, the automobile industry. I think the automobile industry has finally realized, reluctantly, that cars can't keep getting bigger. Rather, in fact, they have to get smaller—more efficient, more effective. Instead of fins and more fins and long hoods, they've got to do things like provide better mileage; they've got to have better trunk space, more head room, better handling; and they have to be beautiful. Higher education, in effect, has to follow the same pattern. We have to begin to ask ourselves "Can we be more effective?" I think it will take an intense effort and it could be just as exciting to take what is now a mass system of higher education and make it more effective. Can we achieve more—in quality, diversity, excitement? My own sense is there's considerable room for improvement—not that we're poor at what we do—in fact, compared to the rest of the world, we're darn good. We are the best, but because we have put so little of our intellectual effort at self analysis there's considerable room for improvement. A number of institutions—and I'm happy to include my own—have been in the process of debating, discussing, researching, and experimenting with new methods. I think there's considerable evidence that much can be done.

In many ways it's a time of important opportunity for changes and ought to be an exciting period. Recent experiments in research have sort of cleared away many of the myths which have been holding us back.

Let me just name a few. First of all, there has been a lot of clearing away the idea of what was the proper or, now in our current view, the improper relationship between education and careers. We used to have sort of an orbit theory of entering the world of careers. You were launched into your orbit the way a missile is launched. Once it left the earth it was fixed, so you started at pre-school and you went to kindergarten and finally you worked your way through elementary, secondary, high school, on through college and you got, finally, your Ph.D. And that was it—you were fixed for life in that orbit. If you happened to be in economics—you were to wear a frown for the rest of your life and practice economics. The trouble, of course, was that this didn't match human life. Most people—if you look at the national studies—have at least two distinctly different types of careers after they leave college. There's a recognition now that people evolve; they don't follow an orbit theory—and we move increasingly to a recurrent educational system. This is a major improvement and frees us for a lot more serious thinking.

Secondly, we realize that sitting in class helps, but it's not the only answer and it certainly doesn't help everyone. The quality of education is not a one-to-one relationship to the number of dollars spent. In many ways the reason for education costing so much is the reason it cost so much to deliver mail at the post office. Why does it cost $.13 these days for a stamp? There's $.03 for delivery and $.10 for storage—and that's sort of the way we are. There are major ways to address what legis-

lators like to call productivity, which is a term that is so appallingly ill-received in the world of higher education that if we want to make progress we ought to think of a new term for it, but the principle is right.

Third, all institutions don't have to be great universities. In the 1950's and in 1960's the only answer was for every institution to become a carbon copy of the Harvard/Berkeley model which was disastrous for us. We've begun to realize that we need and demand different institutions for different students. Diversity is the keynote and all excellence is not measured on a single scale.

Fourth, the world is not, and knowledge is not, divided into nice, neatly organized disciplines. We used to think that everything fell into disciplines; and not only that, we could subdivide them. But we've begun to learn that the world doesn't function like that. Knowledge doesn't fit into those categories. It is dispersed in a way so that there are those which are helpful but can be hindering if we take them too seriously.

Finally, and perhaps the most exciting, we're near a major breakthrough on understanding how people develop their intellectual skills. The kind of work done by Piaget on early childhood has recently, in the last 10 or 15 years, been done by a series of researchers about how people develop their intellectual capacities. We're on the edge of really major advances in that field.

Why did I say earlier "ought" to be an exciting period, instead of "will" be an exciting period? Because, frankly, the incentives for change are all wrong. Since you have a major role in the creation of and the maintenance of the system of incentives, I think you ought to think about that. I'm not saying that this is solely your responsibility. In fact, the same is true of incentives within institutions of higher education. They are largely all wrong. At the University of Rhode Island we have been thinking a lot about incentives lately. Let me give you one example of why we've been thinking about them. We have been on this kind of triage system that Ken Ashworth was describing. I'll take a very simple example—telephone expense. I use it because it's easy to understand, although we have done the same for some educational programs—in fact, essentially all educational programs.

We started the first year worried about the fact that the year before we had spent $425,000 on telephones, and in our university budget a half million dollars is a lot of money. The first thing we did to try to curb these costs was to explain how significant this was—that we were in a triage period and money that we spent here was not spent on an educational program. The telephone bill went up to $470,000. The second year we tried a series of intense controls aimed at limiting the number and use of phones. We could not understand, for example, why the department of history had to have, say, two phones per faculty member whereas over in political science next door they could do with 1 phone for every 3 faculty members. It was explained to us over and over again that history was different, political science was different, mathematics was different. We didn't understand it all, but somehow someone did, and the telephone bill went up to $503,000.

So we sat down and said, "What is wrong?" We looked at the whole system. We said, "The incentives are wrong." When we put in a set of controls, what is everybody's game? Beat the system. Why should we make everyone work against us? The costs of

> "The forces for improvement, quality, drive, and excitement have been overcome by the forces of bureaucracy."

bureaucracy are incredible. We said, "Let's create an incentive system." Instead of a central budget for telephones, we put the budget in everybody's own departmental budget. We said, "You can spend whatever you want. Here's how much you're going to get in your budget. If you spend more, it comes out of your hide. And if you spend less, you can spend it for anything you want." The telephone bill the next year dropped to $460,000. At the end of the year it was running at a rate so that this year we budgeted it at $413,000. We now have, in spite of a major increase in telephone rates, the lowest telephone cost per faculty member of any state university in the Northeast. And everybody agrees the telephone service is markedly improved. By changing the incentives we cut our telephone bill by 20 percent.

Now what was the response of the state government? It was simple and it was straightforward. The budget office in the review of our budget said, "We told you you had a lot of fat in that budget," and they cut it again. Now, you say, well that's an unusual example and I chose telephones because that's easy to understand.

Let me illustrate with academic program change, a major effort at the university. We created what we called the budget task force—a team which reviewed every single program in the university — every department, every academic department, every nonacademic department and came up with almost 700 recommendations. We've been two years implementing and working with these recommendations. The response from state government has often been the same as with our efforts to reduce telephone expenses. What does that tell us? Well, you know that men, and to some extent institutions, do not live by bread alone. They need to be buttered up. And when your answer always is the same, "Listen, you should have done that long ago," it is

demoralizing. This fact is not lost, incidentally, on my constituents and like you, a university president has constituents. People are excited and willing to do things only when they believe in what's happening. When you and your budget committees respond to me after an effort to change the incentives and cut costs by saying, "Well, there's probably a lot more fat there," that message isn't lost on the people back home. We wanted to cut budgets to fund things that we badly need, that we believe the state needs, in fact, things that legislators believe the state needs.

We all know that there's always going to be competition for resources. There's going to be competition of the kind I call "political clout" competition, which is the worst kind because it doesn't have anything to do with the quality of programs, or there are going to be other kinds of competition. My argument is, you ought to decide what kind of competition you want and structure the incentives so that in fact it goes on. If I get my money by making sure we have a lot of clout with your committee and with the commissioner's office, I'm going to spend my time trying to improve my image with those groups. I don't think that is where you want us to spend our time. My sense is, you've got to think about the true incentives that will move institutions and create sensible incentives. By and large, we have created non-sensible incentives.

Delegate Maurer mentioned that many institutions operate on Full-Time-Equivalent funding formulas. When that is the case and you're in a no-growth period, what is the incentive? The incentive is to play as many games as possible to keep that FTE up in order to get the money. You have exactly the wrong incentive. I would argue that you have to ask yourselves, "What would happen in your state now if a university president came in and could demonstrate that he had by a major innovation increased effectiveness and used less resources to do it?" What could he expect from on-campus and off-campus constituencies? The answer is probably grief. Why? There are at least three types of forces at work.

1) The number of agencies vying for control in higher education has increased dramatically. There are now multi-campus systems with home office staffs which are large. There are state boards and, in some states like New York, there are two boards vying for control. There's a governor's office with its own budget staff and the legislature with its budget staff. Centralized planning and management are increasing. My own sense is, if you think about it seriously, that is exactly the wrong direction if you want accountability and results.

2) On more and more campuses there is increased pressure for wide participation. Now I happen to be a believer in a participator and management model and I think I'm a practitioner of it. But we have five major unions, every member of the staff wants to be involved, so do students. One has to think about the incentives in order to make sure the result is effectiveness, not simply just chaos.

3) This is the age of litigation and grievance. So far this year we have been sued by black males worried about discrimination, white males worried about reverse discrimination, and women who think we're favoring the other two groups. We've been sued on grades and tenure. One of our alumni who's a little bit overenthusiastic in the world of sports was troubled about when a basketball player would be eligible and I ruled that it would be slightly later than he thought. He sued us three times and lost all three cases, I might say. These are only a few of the cases; and we're good at heading them off.

All these forces are coming to bear on us. What is the natural response to each of these—by any sane administration, that is? The answer is to bureaucraticize to be safe—hardly to innovate and to take risks. Is it far-fetched to assume that these forces will drive us to further bureaucracy in higher education? Hardly. That's what has happened to essentially every other state-run enterprise. The forces for improvement, quality, drive, and excitement have been overcome by the forces of bureaucracy. The tendency is for state government, in its frustration, to enter the game of rule making in such things as faculty workloads. A moment's analysis, again, will tell you those simply become upper limits for anybody's performance. They hardly ever improve anything. I do not believe that even if you could make all the rules you want, you could achieve the results you want. Think of the public agencies which already have the most rules—the defense department, the post office, or the prison system. Are they our models for efficiency?

I should hasten to say in closing this is not a lament on my part. I believe that in Rhode Island we have the best Board of Regents I have seen anywhere in the country. I think we have an open-minded governor and an open-minded legislature. I believe we have more serious concern aout trying to address the problems that I'm talking about than anywhere else. Nor do I believe it's a hopeless case. I am not just a partial optimist, I am a congenital optomist. I am prepared to argue that in our state, we are well along the path of transition that we have been talking about here. The faculty, the Board, the state, the public have to a considerable degree come to accept the rationale we have been talking about. It is a warning that I'm trying to present; it is easier to slip down the path to bureaucracy than it is to climb up the tricky path to excellence. I believe that so far most state legislatures have failed to address the difference.

Higher Education Cost Realities

John D. Millett*

I suppose legislators, alumni, the officers and trustees of philanthropic foundations, budget officers, and others have grown accustomed over the years to hearing that colleges and universities are in financial trouble. In my nearly 30 years of involvement in academic administration, I cannot remember a time when we have not pleaded an inadequacy of income in order to perform the tasks we have set for ourselves. That inadequacy continues to be troublesome today, and is likely to be even more troublesome tomorrow.

At the outset of these remarks let me say something about academic attitudes in general, as a background to the more specific comments I shall make shortly. I speak now as one who has been a faculty member in a so-called leading university and as one who in my administrative roles has ever been inclined to protect and defend the proper interests of faculty members. I think it is fair to say that faculty members as a group or sub-class are the most individually minded group of persons to be found in our society. There are only a very few matters on which the faculty members in a college or university are ever in agreement. These few matters are the importance of academic freedom, the power of each faculty member to decide what to teach and how to teach it, and the belief in the general incompetence of all administrative officers.

> "The fact is that almost all of us live on the basis of incremental budgeting...to do a little better next year than we did last year...higher education is no different..."

One of the peculiar aspects of the academic enterprise is that we profess highly abstract intellectual purposes and resent the necessity to justify the economics of our performance. In recent years, by which I mean the past 20 or so years, we in the academic world have wanted to be both autonomous and affluent. When I was Chancellor in Ohio, I used to say to faculty committees and to chapters of the AAUP that we in higher education could not expect to be both autonomous and affluent. I never observed the slightest indication that my comment ever made any impact upon faculty thinking, or ever changed any faculty behavior.

Another peculiar aspect of the academic enterprise is its desire for self-government without any corresponding expectation of self-support. It is estimated that in the fiscal year ending in June 1976, our colleges and universities in the United States received a total income for current operating purposes of just about 40 billion dollars. If we look at all of some 3,000 campuses and make no distinction between public and private institutions and no distinction among programs, we find that 16 billion dollars or 40 percent of this total income came from charges to students and other clients. We find also that 24 billion dollars of income or 60 percent came from governments and philanthropy. In fact, only about three billion dollars was provided by philanthropy and about 21 billion dollars, or slightly more than half, came from governments: federal, state and local.

Indeed, if we had accurate data about how much of the charges paid by students represented dollars provided directly to those students by governments, the governmental financial involvement would be even greater than what the reports of colleges and universities reveal. I would estimate that as much as 20 percent of all charges paid by students today represents transfer payments by governments. Higher education is essentially a socially supported, and a governmentally supported, endeavor.

Under this general heading of "cost realities" I want to talk about three subjects in particular. These subjects are: first, cost objectives, secondly, cost pressures, and thirdly, cost priorities. There is some overlap of concern in this division of our discussion, but I think we can best grasp some of the realities of current and prospective circumstances if we examine more closely these three aspects of expenditure difficulties.

*Dr. Millett is senior vice president of the Academy for Educational Development.

Cost Objectives

I am unaware of any academic administrators or of any other academic spokesmen who have articulated the cost objectives that underlie their appropriation requests, and their budget formulations. The customary behavior for most of us who prepare budgets and then seek to find ways to finance them is to want a little more next year than we had last year. We may talk all we wish about zero-based budgeting, or about other budget procedures. The fact is that almost all of us live on the basis of incremental budgeting. The very idea of progress upon which most of us base our personal and social aspirations is to do a little better next year than we did last year. In this respect, higher education is no different from other social institutions or social groupings.

Yet there are certain definite cost objectives that colleges and universities seek to achieve. One of these objectives is to preserve the economic gains made between 1958 and 1968. President Eisenhower's Committee on Education Beyond the High School made a strong recommendation in 1957 that the "absolute highest priority" in the use of available funds should be given to raising faculty salaries, with the goal of doubling the average level within five to 10 years. In general, the available data clearly suggest that this objective was realized in terms of dollars of constant purchasing power. In terms of dollars of current value, the record was of course even more spectacular.

Between 1950 and 1970 higher education in our country in terms of compensation provided to its major input resource, the faculty, moved from the status of a profession of genteel poverty to a profession of decent economic renumeration. Obviously everyone in higher education has applauded this change in economic worth. At the same time, I must hasten to point out that this redistribution of income in favor of the faculty profession was accomplished in part because of a shortage of faculty talent in relation to student enrollment demand, and in part because of a public perception that higher education was making a notable contribution to national defense, national health, and national economic growth.

More recently, since 1970 the cost objective of higher education has been to ensure that in real terms faculty compensation matches inflation. We have resisted any evaluation of the current economic benefits resulting from the practice of our profession. We hold that the social benefits of an educated intelligence should be self-evident, and that having gained some level of economic improvement we are entitled to preserve that economic position. To be sure, given the opportunity, we in the academic world would gladly still further improve our economic status, but if this objective is not feasible at the moment, the least we can do is to maintain the gains achieved in the 1960's.

John D. Millett

There is another cost objective that is of major importance: the objective of increasing our social support in order to decrease the required charges to students. Our colleges and universities in this country have always espoused the basic proposition that their expenditures should not be met exclusively by charges to students. Since about 1880 or in the past 100 years, our public colleges and universities have consistently endeavored to offer educational opportunity to deserving students at a relatively small proportion of their instructional cost. At various times that relatively small proportion has been fixed at 15 percent, 25 percent, or even 35 percent of average instructional expenditure. This objective of low charges to students has been reflected also in our private colleges and universities. Indeed, the common rule of thumb for independent colleges and universities has been that tuition charges should not exceed 80 percent of the average expenditures per student for instruction. The remaining 20 percent has been sought from philanthropy, either as endowment income or as current annual giving. When philanthropy has failed to meet this expectation, independent colleges and universities have sometimes turned to state governments for financial assistance.

The economics of pricing the services of higher education is a subject on which there is a great deal of confusion and one crying out for careful analysis. There are several complications in the determination of pricing policy. One difficulty is that of costing the various output services of a college or university. The question then arises of determining the particular costs that should be passed along to the current student generation. Another difficulty is that of determining what part of the cost of instruction should be considered a student investment and what part of the cost should be considered a social benefit.

When an independent college or university says that 80 percent of the average instructional cost should be paid by students, that college or university is saying that 80 percent of average instruc-

tional cost should be considered as student investment in future happiness and earnings, and that 20 percent of average instructional cost should be considered as social benefit from the presence of educated talent in our society. When a public college or university says that 25 percent of the average instructional cost should be paid by students, that college or university is saying that 25 percent of average instructional cost should be considered as student investment in future happiness and earnings, and that 75 percent of such costs should be considered as a social benefit.

The truth is of course that the science of social benefit analysis has not moved to the point where it can illuminate this kind of problem. Consequently, the need for income, individual value judgments, and the political process of governmental planning must provide the answer. One reason for the social objective of low tuition, or of tuition less than instructional cost, is to encourage the enrollment of students regardless of their socio-economic status. Higher education, along with hard work and some good luck, has been an important factor contributing to social mobility in this country. We hear some persons saying today that we are pricing higher education too high for many middle class families, and that our practice of subsidizing students rather than of subsidizing institutions reaches students in the lower income brackets but is failing to assist students from middle income brackets.

I think it is fair to say that the practice of charging low tuition has been a practice of providing educational and economic benefit to students from middle income families. But when we charge tuition less than the cost of instruction, we then establish the objective that some part of instructional costs must be paid for by society, through governments or through philanthropy.

We in higher education need to be more articulate than we have been in the past about our cost objectives, and about the reasons why we have adopted these particular objectives. We need also to provide full information about the costs of our program activities and about the sources of income supporting these costs. We need to face our cost realities honestly and forthrightly. We in higher education have not always served our own cause half so well as we should.

Cost Pressures

There are several obvious cost pressures upon higher education today that I shall not consider here at any length. The impact of inflation is a familiar theme, and needs no elaboration here. I would remind you only that the rising costs of food and of energy have taken their toll upon academic income. I find that the current operating income of all colleges and universities increased from 21.5 billion dollars in 1970 to 40 billion dollars in 1976. While current operating income nearly doubled between 1970-1976, the percentage increase in real income in these six years was only 30 percent, not almost 100 percent. Inflation has harmed the pocketbooks of higher education institutions even as it has harmed the pocketbooks of you and of me.

Moreover, while there has been a great deal of talk about the prospects for declining enrollments in higher education, those declines for all institutions in general are still ahead of us. Between the autumn of 1970 and the autumn of 1975, enrollments throughout the United States increased 21 percent. Only in the autumn of 1976 was there just barely an increase over 1975 enrollments. Up until that time enrollment growth continued to be considerable, although by no means the same for all particular institutions or for all particular kinds of programs.

> "The overhead costs of colleges and universities are escalating to where 40 percent of the instructional budget is often required for overhead expenditures..."

One of the ironies of higher education economics is that enrollments tend to go up during economic recession and may expand less rapidly during economic prosperity. The explanation is simple. If there are not jobs for youth after high school, they may decide to go to college just to have something to do, and just in order for families to get rid of their children. If there are jobs for youth after high school, they may decide to forego or postpone a college education in the interest of work experience and some degree of financial independence from the family.

The two cost pressures I want to mention here in particular are the cost of overhead and the cost of student financial assistance. I am very much concerned about the increasing proportion of current operating budgets required for support programs. Bear in mind that the programs of colleges and universities, like the programs of all enterprises, fall into two principal categories: the productive or output programs and the support or overhead programs. At all four-year public colleges and universities for 1974, the most recent year for which detailed data are currently available, I find that 40 percent of the instructional budget was required for overhead expenditures. The same relationship existed for private universities, but private four-year colleges as a group spent 50 percent of their instructional budget for overhead.

I am well aware that there are some complications in determining just what the overhead costs of

a college or university actually are in relation to all productive programs. The principal output programs of a college or university are instruction, research, public service, and student aid, plus hospital operations and independent operations where these programs exist. The support or overhead programs include academic support, student services, plant operation, institutional support, and mandatory transfers. I personally would add auxiliary enterprises to this grouping of support programs. All output programs, in my judgment, ought to carry their fair share of institutional overhead, although in practice this full cost allocation does not always occur.

But regardless of allocation practices, the fact remains that overhead or support costs are tending to become an increasing proportion of the total operating budget of our colleges and universities. There are several reasons for the pressure of these rising overhead expenditures. I have already referred to the increased costs of fuel and energy, which are increasing the expenditures for plant operation. As we in public higher education have enrolled more and more students, the costs of student services in providing counseling and learning skills development have risen. The costs of books and periodicals have advanced substantially. The costs of issuing and mailing publications such as catalogues have mounted.

Certainly a major reason for the increased overhead costs is the great array of public reporting and new procedures required by federal government agencies. No matter what one thinks of affirmative action rules for women, blacks, and the handicapped, these rules cost colleges and universities a great deal of income in order to abide by them. New rules about access to buildings for the handicapped and about occupational safety are increasing the costs of plant maintenance. And

"While current operating income nearly doubled between 1970-1976 the percentage increase in real income in these six years was only 30 percent, not almost 100 percent."

colleges and universities must now submit extensive data to federal agencies on all these subjects.

The federal government doesn't pay the full share of the cost of the programs it does support in research, public service, and student financial aid. Now as the price for what institutions do receive from the federal government, colleges and universities must abide by all these additional rules for which the federal government provides no financial assistance, but only a little bit of administrative cost support in connection with student aid. One state university president two years ago asked the governor and the state legislature for 2.5 million dollars in order to meet the costs of responding to federal government demands for information about the university and its nine campuses. The governor and the legislature crossed out the request, but that action didn't free the state university from the need to respond to all the federal inquiries.

We are all aware also that this period of ours is a litigious era; anyone who doesn't like some action of a college or university can always sue, and increasingly courts are insisting that colleges and universities must afford the equal protection of the laws and due process of law to all students, faculty, and staff. I visited one state university recently where the president told me that it now cost the university $250,000 a year to obtain legal advice about all rules and regulations of the institution. And the minimum cost of defense in a court suit was apt to be another $250,000. This particular university was lucky. It had only three court cases at the moment to defend.

We can't continually be piling new regulations upon our colleges and universities, and we cannot continually be subjecting these institutions to attack in the courts and not increase the costs of institutional overhead; some way we have got to find a balance between social responsibility and the social costs of regulation of our colleges and universities. In the meantime, overhead costs are rising and becoming an ever larger percentage of the current operating budget of our colleges and universities.

The other important cost pressure I want to mention in particular is that of student financial aid. The Carnegie Commission on Higher Education reported a few years back that the United States had committed itself to universal access to colleges and universities. Universal access does not mean the same thing as universal enrollment. Universal access means that students who qualify by completion of a secondary education program and who are interested in doing so shall be encouraged to enroll in colleges and universities regardless of their socio-economic status. This encouragement has taken the form in particular of federal government and of state government student financial aid programs including student grants, direct student loans, guaranteed student loans, and work-study.

Only a part of student financial assistance is channeled through colleges and universities. Most federal student aid programs, such as the basic educational opportunity grants, the veterans' educational benefits, and the social security educational benefits provide income directly to students, and not to colleges and universities. The same arrangement applies to most state government student aid programs.

The point I want to make is that the extensive

student aid programs have created an expectation of student financial assistance for all persons who want to go to college, and that this expectation exceeds actual available funds for student financial assistance. Currently, colleges and universities themselves in this country are spending over 1.5 billion dollars a year for student aid, and are receiving in governmental and philanthropic income only about one billion dollars of income. It appears that public colleges and universities are spending about 200 million dollars of their general income for student financial assistance and that independent colleges and universities are spending about 300 million dollars of their general income. Recently I read in the catalogue of an independent college words to the effect that the college could not meet all the demands for student aid it received. This situation occurs on almost all campuses.

As various individually disadvantaged persons have sought access to higher education, colleges and universities have tried to respond to the best of their ability. When government and other special income has been exhausted, colleges and universities have had to fall back upon their general income in order to meet the requests for financial assistance. Moreover, these requests are tending to increase rather than to diminish. Few governmental officials seem to realize the extent to which colleges and universities have had to use general income for student financial aid. Here is a cost pressure of considerable magnitude and of substantial social importance.

College and university administrators are well aware of the pressures placed upon them to provide more money for various programs: more money for faculty salaries, more money for other salaries, more money for supplies and equipment, more money for various services, more money for student aid. Administrators respond to these pressures as best they can. They can never satisfy everyone. And administrators can respond to cost pressures only to the extent they obtain the income to do so from charges, governmental appropriations, and philanthropy.

> "Now when enrollments are decreasing, or are likely to decrease in the next few years, we academic administrators have discovered the reality of marginal costs and find that we cannot reduce expenditures by average costs."

Last year the faculty of one state university voted censure of the president on the grounds that he had brought back so little increased income from the state general assembly. The faculty said in effect to the president that if you can't get more money from the state legislature there is no point in your being president. So the president resigned, the university went through the costly process today of presidential search and selection, and now the state university is being sued in a federal district court because the board appointed a white male as the new president. You see what I mean by cost pressures?

Cost Priorities

The third cost reality I want to consider here is the very troublesome problem of changing the priorities and of reallocating available resources within our colleges and universities. Higher education institutions are enterprises producing multiple outputs. We identify these outputs as the instruction of students, the conduct of research, the encouragement of creative activity, the performance of various public service operations involving the utilization of knowledge such as agricultural extension and the delivery of medical care in teaching hospitals, the promotion of educational justice and social mobility based upon individual merit, and of course the constructive criticism of social institutions and behavior.

I need to elaborate somewhat about instructional activity. The instruction of students embraces at least four different kinds of programs, which for a lack of better labels we may identify as general education, technical education, education in the arts and sciences, and education in the professions. Moreover, we may undertake these various programs of instruction at varying levels of proficiency or individual achievement, which we indicate by five kinds of degrees: associate degrees, bachelor's degrees, master's degrees, doctoral degrees, and professional degrees. There is not time nor is this the occasion to embark upon a discussion of these programs and of their respective levels of expected achievement.

I think it is fair to say that in the 1950's and 1960's our institutions gave priority among their activities to research, public service, graduate education at the doctoral degree level, and to graduate professional education in medicine and other health sciences. Moreover, I would emphasize that these priorities were not just the result of predilections on the part of faculty members; these priorities reflected social expectation and social support. In the process of observing these priorities of the academic enterprise, faculty members and administrative officers were encouraged by government grants, by philanthropic grants, and by an expanding student population. I know whereof I speak because I participated in these developments as a faculty member and as an academic administrator.

No one should underestimate the social benefits that resulted from our sense of academic priorities in the 1950's and 1960's. Academic science and engineering contributed substantially to the winning of World War II, including of course the development of the atomic bomb. After World War II academic science and engineering helped in the development of atomic energy, in the exploration of space, and in the achievement of an amazing capacity for communication around the world. Academic science and the health professions made notable accomplishments in the conquest of disease. Educated talent, research and development, and public service helped notably to fuel the most amazing decade of economic growth in the history of our nation, the decade from 1960 to 1970.

The priorities of the 1960's gave emphasis to research, public service, and graduate education at the doctoral degree level. The priorities of the 1960's tended to under-rate technical education, to short-change some programs in professional education, to underestimate the importance of undergraduate education at the bachelor's degree level, and to ignore general education. The consequence was to fix a pattern of programs, personnel, and of resources which reflected a particular set of priorities.

Now in the late 1970's colleges and universities confront a very different environment of social interests and social expectations. The national interest in the research support of higher education has undergone change, the rate of growth in research activity has greatly diminished, and the performance of research in recent years has offered us few if any achievements so spectacular as those of the 1950's and 1960's. The expansion of higher education enrollments has apparently come to an end. The labor market demand for educated talent has declined to the point where shortages are likely to occur in the next few years in only four fields: the health sciences, the engineering sciences, the administrative sciences, and the computer or informational sciences. Please observe that these shortages are all in professional fields of study. As job market conditions have become more select for college graduates, the competition for highly specialized professional job opportunities has become fairly fierce, and student interests have increasingly moved towards instructional programs that are specifically job oriented.

Moreover, the social interest in higher education has tended to decline. The major concerns of American society, other than our national security, are directed today toward employment, economic growth, the control of inflation, the supply of new energy resources, the availability of raw materials, the elimination or diminution of environmental pollution, and the persistence of poverty in our deteriorating urban cores. Somehow, for some reason, higher education is perceived in the public view as only partially involved in helping to resolve these concerns. The costs of our structure and process of health care delivery are of far greater national interest today than the costs of our structure and process of higher education delivery.

Colleges and universities are experiencing great difficulty in adjusting to these changing social circumstances. The decline in the rate of income growth, a growth that has only modestly exceeded the rate of inflation, has meant that institutions

> "Between 1950 and 1970...the faculty, moved from the status of a profession of genteel poverty to a profession of decent economic renumeration."

could not use new income to meet new needs. Some college and university campuses will become surplus, even as grade school buildings became surplus early in this decade and as high school buildings are becoming surplus today. The program interests of students are changing, with more students seeking admission to various professional fields of study and to technical education. Our facilities and our personnel resources in the arts and sciences have begun to exceed the student demand for use of these resources.

There are various obstacles in the way of college and university change to meet changing needs. Many faculty members continue to be more interested in research and public service than in the instruction of students. Many faculty members continue to be more interested in graduate education than in undergraduate education. Many faculty members continue to be more interested in the arts and sciences than in career education. Faculty workloads and faculty work assignments tend to reflect the priorities of the past rather than the cost realities of the present and of the near future. The shift in the concept of tenure from a concern with the protection of academic freedom to a concern with the protection of employment security has greatly hindered the ability of academic administrators to shift resources in response to changed priorities.

In some states the state governor and the state legislature have endeavored to intervene to help administrators in bringing about a shift in priorities. This intervention has often taken the form of a legislative prescription of faculty workload. The objective has been to compel faculty members to give a greater priority in their work performance to undergraduate instruction than to research and the instruction of doctoral students. And to some extent, the objective has been to reduce the cost of a university by restricting certain outputs.

Another kind of legislative action has been to reduce appropriations to colleges and universities in accordance with reduced enrollments. Here the difficulty has been that a reduction in appropriations by average cost per student overlooks the fact that the institution can only make marginal reductions in cost per student. When enrollments were increasing, we in academic administration were happy indeed to receive appropriation increases based upon average costs per student. Now when enrollments are decreasing, or are likely to decrease in the next few years, we academic administrators have discovered the reality of marginal costs and find that we cannot reduce expenditures by average costs.

When appropriations are reduced as they were so drastically reduced for the City University of New York, there is no choice but to establish new priorities among the outputs of colleges and universities and to reduce enrollments. When program priorities are changed and enrollments reduced, there is no choice except to have a reduction in personnel. Faculty members are unhappy with these necessities, but I see no way to escape the harsh realities of balancing our institutional budgets at a time of declining resources.

Conclusion

The cost realities of higher education are several. Colleges and universities will spend whatever resources they can obtain. The cost objectives of most institutions continually outstrip their income. The overhead costs of college and universities are escalating to where 40 percent of the instructional budget is often required for overhead expenditures, and I see no solution to this circumstance except mergers and closings when such overhead costs become entirely out of line with reasonable expectation. Left to their own decision making, college and university faculty members will tend to establish their own priorities among the multiple outputs of higher education. Program shifts become troublesome because of rigidities in our system of tenure and because patterns of faculty work assignments reflect earlier needs rather than current interests. And reductions in enrollment can at best be accompanied only by reductions in marginal costs rather than in average costs.

In these circumstances we need, I think, a new politics of higher education, a politics that will stress full and frank disclosure of the somewhat conflicting viewpoints of administrators and of legislators. In my own experience I came to have a great respect for the role, the integrity, and the good will of state legislators. To be sure, I had more respect for some legislators than for others. Furthermore, I came to have a real appreciation for the competing pressures that play upon the state legislator in seeking to represent his or her constituency. State legislators, I long ago decided, do more than just represent the people who elect them. State legislators are the intelligence, the balanced judgment, and the conscience of the people who elect them.

State legislators and academic administrators in a climate of mutual concern, mutual trust, and mutual sympathy can be equal to the cost realities that now plague higher education, cost realities that will become more troublesome rather than less so in the years ahead. We should never let these cost realities become so troublesome, however, that they blot out our vision of the noble aspirations, the essential tasks, and the real social benefits of higher education. Higher education remains the last firm hope for survival of a society dedicated to life, liberty, and the pursuit of happiness.

Further Commentary on Cost Realities

Frank A. Schmidtlein*

Dr. Millett has provided us with a great deal of insight into the nature of academic attitudes, the cost objectives of higher education, the cost pressures facing higher education, and the establishment of cost priorities. He concludes that there are real financial problems ahead for higher education and the day will come when overhead costs become so great that mergers and closures of some campuses will be desirable. These circumstances will require fuller and franker disclosures of the conflicting viewpoints of academic administrators and legislators. In these circumstances, he points out, we should take care to avoid letting our current problems blot out our vision of the benefits provided by higher education.

There is little in Dr. Millett's observations with which to disagree. Therefore, I will primarily address myself toward extending and amplifying points he has made or that are implied by his comments.

First, I think that it is important to point out that there is no shortage of revenue to support higher education. We have the means in our rich society to fund higher education at almost any level that its proponents have imagined. Our real problem is establishing priorities for allocating resources among the competing demands from all sectors of our

*Frank Schmidtlein is director of research, planning and evaluation of the Maryland Board for Higher Education.

economy. Higher education's long-term financial difficulties will arise primarily from changes in its competitive position with other areas of public and private spending.

I want to point out, of course, that there is no doubt that the recent economic recession harmed higher education financially and that inflation has

Frank A. Schmidtlein

taken its toll. These basic economic conditions, however, also have affected most parts of the economy, and while higher education has suffered, there is no reason why it need have suffered more than other sectors if its priority for receiving public and private revenues remained high, as it was during the 1960's. Higher education's fundamental financial problem has been its lessening priority for receiving public revenues.

This reduction in its competitive status has been the result of many factors. A major factor has been the increasing pressure on state budgets for funding mandatory programs such as retirement benefits. In Maryland, for example, the percentage of state general revenues spent on retirement benefits in 1969 was 7.9 percent. In 1977, it was 11.8 percent. During this period, the percentage spent on higher education only increased from 10.9 to 11.9 percent of general revenues, primarily because of the state's late development of community colleges and its assumption of responsibility for support of a previously independent institution. There was a decline in most states during this period.

Social trends are also affecting higher education. Historically, education has had a clear mission that has been identified with the achievement of important national goals. In the early years of our country, a degree conferred status promoted social mobility, and, by promoting mobility, was a major component of the American "melting pot." In contrast today, we are attempting to preserve ethnic differences and promote cultural diversity. This change has confused the sense of purpose of higher education. During the war years and "cold war" period, higher education provided the trained manpower and research that ensured our security. Public disenchantment resulting from the Vietnam war has called the supremacy of high technology into question. This skepticism has been increased by the discovery of the many adverse effects created by our scientific inventions: drugs have produced deformed babies and created cancer; insecticides and other chemicals have polluted our environment.

Additionally, higher education during the 1960's was seen as a means to solve problems such as poverty, crime, and structural unemployment. Money was channeled into social research and innovative projects, much of it going to institutions of higher education and to professors. These programs did not achieve the high hopes of their proponents, and this failure reduced confidence in higher education.

Finally, higher education has been a victim of its own success. The proportion of people attending institutions of higher education has until recently increased dramatically. As a result, more persons today are familiar with colleges. Institutions have lost some of their mystique and are more vulnerable to the types of criticism often leveled at elementary and secondary schools. Furthermore, a degree no longer assures the same possibilities for upward social mobility as in the past. The gap is rapidly narrowing between the salaries of college graduates and those without a degree. The growing familiarity of the public—including legislators—with higher education, together with its diminished role as conveyor of social status, will no doubt adversely affect its competition with other state programs for public dollars.

This loss of higher education's social priority is coinciding with a profound turning point in our nation's history. Up until now, we have had a constantly growing population and relatively unlimited cheap resources to fuel the growth of our economy. Now, however, our birth rates have been decreasing with each succeeding year until they have dipped below the rate needed for zero growth. We have begun to reach the limits of producing cheaply all of the basic resources our economy demands. Declining student enrollments will reduce the income for many institutions. At the same time, their fixed costs for operations and maintenance and construction will be taking up an increasing portion of their budgets; a trend Joseph Froomkin and Clinton McCully note has already begun. As Dr. Millett pointed out, funding institutions on the basis of average cost was lucrative during their growth period but now with enrollment declining and rising fixed costs, such a practice will be disastrous. The analysis by Froomkin and McCully indicates that institutions with declining enrollments have in fact increased their costs per student faster than those with stable or increasing enrollments, indicating that legislators recognize this problem of rising fixed costs in making appropriations.

The basic demographic and economic situation I am describing has very serious implications for all

those involved in budgeting for higher education. The loss in social priority that higher education is suffering may be reversed in the future if purposes are redefined and communicated more clearly. In the meantime, higher education is likely to get a decreasing share of the state revenue pie, and we may well endanger the historic vision of the role of higher education mentioned by Dr. Millett and which I believe has made a central contribution to our social and economic growth. The risk of budgetary stringency is heightened because higher education, sometimes with the exception of two-year institutions, is typically the largest discretionary item in state budgets. When pressures for cutbacks come, higher education is a tempting target. Legislators in our states deserve credit for recognizing this problem and for being more evenhanded than they often are given credit. However, the susceptibility of higher education to budget cuts remains when hard choices have to be made.

A number of consequences seem likely as a result of these circumstances. First, I am concerned that we may go on constructing buildings, based on current enrollment patterns, that will not be needed in 10 years. The greatest inefficiencies today in higher education are the result of maintaining unneeded, uneconomical buildings and preserving campuses that are too small to function efficiently. This is an area that legislators have authority to deal with effectively, but is also an area that is particularly difficult to deal with politically. With respect to construction, I believe that a major priority should be to improve existing buildings making them more efficient.

Second, the changes in enrollments are not going to be the same for all institutions and difficult judgments will have to be made particularly whether to construct new facilities at growing campuses while buildings on other campuses are underutilized. The change in the composition of the student body from typically young, full-time students toward adult and part-time students will lessen the need for dormitories. Increasing evening enrollments will utilize buildings more fully while lessening the need for new ones. Part-time students will be going to institutions closer to their homes unless the institutions take their programs off-campus. Students will tend to seek the programs offered by community colleges and universities more than they will the undergraduate programs offered by traditional public and private liberal arts colleges. Former teacher-training institutions that still have a heavy emphasis in that area will be particularly affected.

> "Program changes will require reallocating resources rather than adding resources as during the 1960's."

Third, private institutions will suffer more than public ones because they generally are more oriented to residential full-time students. Many private colleges are now changing their mission from traditional liberal arts programs to occupationally oriented programs but this will put them into a "catch 22" situation. The less distinctive their missions, the more that they will have to compete with public institutions on the basis of cost. The private institutions are not likely to survive such direct cost competition, since they have to sell a special kind of education that students feel warrants the added cost.

Fourth, many institutions appear likely to lose enrollment until they are no longer economically viable. Good educational judgment and sound economics will dictate the closing or merger of some of these institutions. However, closing a public institution is an excruciating political experience. Legislators seem likely to shy away from such actions as long as possible. This will result in more public revenues going to support such inefficient institutions to the detriment of the quality of other institutions. In such circumstances, the overall quality of higher education is likely to decline. The consequences will be even more difficult for the private institutions. A few facing financial disaster may persuade legislatures to take them over as public institutions, adding unneeded capacity to the public system and further jeopardizing the survival of other private institutions. All will continue to seek increased public aid, some of it going to marginal institutions, again decreasing the revenues available to maintain the viability of the less afflicted institutions. Finally, however, a number of private institutions seem likely to go out of existence. Legislators, faced with a choice between the survival of public and private institutions will find it easier for the market place to take its toll of private colleges without action on their part than to take the overt act of merging or withdrawing support from public institutions. The private colleges that are losing enrollment will face a particularly hard decision; whether to spend the money needed to make them attractive and to raise their tuitions to maintain quality or alternatively whether to cut costs and take their chances.

Fifth, a further problem will affect the quality of instruction at institutions. Program changes will require reallocating resources rather than adding resources as during the 1960's. This will be difficult because a faculty is much like a legislature in many respects. Each department, like a legislative committee, is jealous of its domain and prerogatives. An administrator seeking to reallocate resources must be both a politician of the highest order and also something of an autocrat. If he is too much of a politician, in the pejorative sense of the word, the quality of programs will suffer. If he is too much of

an autocrat he will lose the confidence of the faculty and will rapidly become ineffective. Two avenues seem open to help ameliorate this situation. First, I think that we have had a one-sided concern with the upward flow of information to state government. We have not looked hard enough at the need for a downward flow of information to keep higher education administrators and faculty informed of the basic political and economic realities facing those of us who are in state government. Those who design our information systems need to take a hard look at the information needs of those on campuses. Basic facts and policy choices facing states need better analysis and dissemination. My own childhood leads me to recognize that an education focusing on limits is not always appreciated by those receiving it. However, from my adult experience, I believe the end is worth a greater effort on the part of states.

> "...Higher education's long-term financial difficulties will arise primarily from changes in its competitive position..."

Sixth, the economic stringencies we face are resulting in tuition increases. At some point, these increases will affect the realization of our access goals unless student aid keeps pace in amounts and in a form that is attractive to those with lower incomes. One way in which the effects of tuition squeezes can be lessened is through graduated tuition charges for different types of institutions. We have relatively free public education through the high school level. Access could be guaranteed for the next step beyond high school by maintaining low tuition for the "open door" community colleges. Charges could be higher for institutions offering upper division courses and perhaps still higher for those offering graduate studies. Such a policy would stimulate higher enrollments for a segment of higher education that already will most likely have great success in attracting students but few students would be denied at least two years of college. The alternative is to exclude more lower income students by setting similar tuitions for all institutions resulting in higher rates for two-year institutions but lower rates for upper division and graduate education ensuring greater access to upper division and graduate programs. A policy of similar tuition for all types of public institutions would tend to continue the subsidy that graduate instruction gets from those enrolled in undergraduate courses.

Seventh, another impact of the recent financial stringency has been a relative reduction in the compensation of faculty. Froomkin and McCully estimated that the real wages of faculty in 1975 were seven percent less than would have been anticipated using their conservative projection of what might have taken place. From their analysis they concluded that most of the savings made in higher education in recent years came at the expense of faculty salaries. The excess of teaching faculty applicants in relation to available positions in most fields seems likely to continue to place a damper on faculty salary increases. However, should faculty salaries continue to errode, at some point the quality of the faculties will begin to decline, especially in those fields where they have an opportunity for employment outside of academia. No longer will higher education be able to attract and retain the "best and brightest."

Finally, the competition for students among institutions will engender increasingly rough infighting for budgets and students. This internecine warfare will present a sense of disarray to the public, create pressures on legislators to resolve conflicts and weaken higher education's ability to compete for its share of the state budget. Several approaches to this problem seem open. States are strengthening state higher education agencies, giving them the authority to deal with this conflict and to distill some policy options out of the confusion. These agencies frequently are being given the charge to spell out the roles and missions of campuses so that each one's turf will be more clearly defined. This will lessen the areas of conflict and reduce forays up blind alleys in search of dollars and students. Increasingly, these agencies also are being asked to look searchingly at overlapping and unneeded programs, particularly at the graduate level. States are limiting the number of institutions that can offer doctoral programs and eliminating many graduate programs. Also states are turning to formula budgeting practices to ensure that equal dollars are allocated to programs that have equal costs. These formulas require some flexibility to meet the unusual costs that are present at all campuses; they also need flexibility to respond to changes in state revenue prospects and will have to be adjusted to be sensitive to marginal cost changes. With this flexibility and redesign, however, they can provide equitable budgets for institutions on a basis that all understand and will reduce the need for state-level agencies to become overly enmeshed in the details of institutional administration.

In summary, the crisis in higher education finance is really a manifestation of the age-old problem of economic priorities, amplified by a historic transition from growth to stability or contraction in our society. I have a great deal of faith that higher education will recognize these changes and will address itself to redefining its role and its importance in terms that are persuasive. I am also confident that legislators will continue to exhibit the same good judgment they have exercised in the past giving a high priority to the support of higher education.

Education and Employment in the South

"The possibly 'overqualified' and sometimes dissatisfied graduate of our college system is certainly one of the principal actors in the drama which concerns us today."

— E. F. Schietinger

"...not all students view a job as the prime reason for going to college; but those who do are entitled to vocational information..."

— Eva C. Galambos

"We have said, 'The more you learn, the less you can do.' Why should it not be 'The more you learn, the more you can do'...?"

— Anne Seawell

A Perspective on Education and Employment

E. F. Schietinger*

Our subject is education and employment in the South, and we will be talking about that topic as it affects young people in the year 1977. But I will first try to put the role of the colleges into a bit of historical perspective. Appearing on the program of the Association of American Alumnae at Radcliffe College just 70 years ago, the great American scholar, William James, spoke about "Democracy and the College-bred." He said, "In our democracy, where everything else is so shifting, we alumni and alumnae of the colleges are the only permanent presence that corresponds to the aristocracy in older countries." He went on to say that "the general steering function of the college-bred amid the driftings of democracy ought to help us to a wider vision of what our colleges themselves should aim at...to be the yeast-cake for democracy's dough." In other words, William James saw the "college-bred" of his day as a highly select group whose most important function was to provide civic and intellectual leadership to society. James' view reflected the objective facts of the times—colleges were producing a fairly small, select group of graduates from which much of society's leadership was drawn. The colleges themselves did not have to be selective because in those days very few young people had college aspirations of any kind.

Some 50 years later, when I made my first swing of visits to Southern colleges for SREB, I found that most of them were trying very hard to become more selective, to raise their admission requirements and to tighten their overall academic standards. This was one institutional reaction to the rush to college following World War II. The watchword of the 1950's was selectivity, and the search for talent at the admissions level was a way in which colleges tried to demonstrate their excellence. We talked about the right of the individual to some education beyond high school but were sure to add the words "to the extent of his potential." The word "diversity" was entering the educational vocabulary but had little to do with the traditional four-year college.

Shifting to the Sixties, we began to hear more and more about open access. The "impending tidal wave of enrollments" predicted during the Fifties had become a reality, and attitudes about education were changing to accommodate the new facts of life. Scholarships were no longer awarded in large numbers on the basis of merit, but rather on a basis of economic need, in order to help lower the financial barriers to higher education. Thoughtful educators began to let it be known that turning out bright graduates is no great trick when all of them were already bright upon admission as freshmen. The so-called "new student" began to be sought out—students from the lower half of their high school classes, students whose parents had not gone to college, students from families in the lower income brackets, students from minority population groups.

The emphasis on access did not mean that selectivity and the search for talent were abandoned. However, more of the new push for access

Dr. Schietinger is director of research for the Southern Regional Education Board.

was identified with the fast growing community colleges, the state colleges, the urban educational centers than with the established universities and the traditional liberal arts colleges. But even there the search for the "high risk" student became a serious challenge, and universities tried to be both selective and "open door-minded."

At the end of the Sixties the rate of college attendance in the South was well ahead of what it had been in the nation 10 years earlier, although again lagging substantially behind the new national level. By that time a number of other facts had begun to emerge, including these: 1) Attendance rates of the traditional college age population—18 to 21 years of age—had begun to level off in the nation, even while attendance rates in proportion to total population continued to rise. 2) Critics were beginning to question the role of higher education as the answer to all social problems and the key to economic progress. 3) College graduates were beginning to face a stiffening job market and frequently found themselves taking jobs for which they were "overqualified."

The college graduate taking a job as a bus or taxi driver was not a rarity in 1970. This possibly "overqualified" and sometimes dissatisfied graduate of our college system is certainly one of the principal actors in the drama which concerns us today. He may be one of those who has been trained for a particular vocation where demand is currently low, or he may be a product of a liberal arts curriculum which offers few particular vocational qualifications of any kind.

At any rate, some five years ago, the Southern Regional Education Board realized that it needed to broaden its concern about problems of this kind. The Board has always accepted a major responsibility to assemble and disseminate manpower information affecting the fields in which it conducts or is asked to consider cooperative programs of various kinds—dentistry, architecture, law—and the professions generally; the new manpower emphasis is on the entire range of postsecondary education and corresponding occupational applications. Basically, this concern grows out of the major educational and social changes I have just mentioned. As we have noted, the Fifties were more or less dedicated to a search for talent and the Sixties were devoted to promoting broader access. What about the Seventies?

"...the Fifties were more or less dedicated to a search for talent and the Sixties were devoted to promoting broader access. What about the Seventies?"

It may be well to look back at some of this history of our approach to education. For too long we have cited those statistics which told about the income differentials among people according to

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levels of educational attainment. In William James' day, when primarily the children of the well-to-do went to college, these youngsters turned out to be the people who were most likely to become well-to-do themselves, as well as "worthier and better leaders," as William James phrased it. But by 1970 our country had passed through some 50 years of what really amounted to a complete revolution in college attendance—greatly accelerated by the GI Bill of Rights and NDEA and brought to a head by the higher education boom of the 1960's. By 1970 the number of people going to college was great enough so that a college degree alone no longer guaranteed a so-called college-level job.

Even so, the current 36 percent average advantage in income which a male college graduate enjoys over a male high school graduate is nothing to be sneezed at. And from the standpoint of society, it is particularly sobering to reflect on recent unemployment rates of the 16 to 24 year old population, by years of schooling completed. Thirty-one percent of those with only eight years of schooling are unemployed, while 16 percent of high school graduates and just six percent of college graduates are unemployed.

A level of educational attainment has been achieved in the United States which outstrips that of any other country, but our economy does not always offer a job to match the preparation of every individual. We believe something can be done about turning out too many specialists, particularly at the graduate level. But if the day ever comes when enrollment caps are clamped on the entire range of postsecondary education, it may be a sign that we have lost our grip on the kinds of values and goals which make this country great. As the

demographers have shown, and as many of our institutions already realize, the next decade will center on a problem which is quite different, namely the shrinking of the college-age population—beginning about 1980. By that time the college graduate may again enjoy a seller's market.

In the meantime, the rest of the Seventies may well be a coming of age for postsecondary education, a time for striking a better balance between education for life and education for making a living, on finding a reasonable compromise between trying to send everybody to graduate school and providing only a bare minimum of education. The cultural, moral and intellectually enriching overall return on the investment in education, both for the individual and for society, is much more important in the long run, and much greater, than the income differentials which education offers to the individual.

Regional Manpower Outlook

Eva C. Galambos*

Some of you may wonder why SREB has become concerned with manpower information for college graduates—or supply and demand balances in various disciplines. Why do we worry about supply and demand? You heard President Newman yesterday emphasize that in the United States we do not accept the concept of a planned society which determines, "so many people are going to study this and so many people are going to study that, and we will point people in the direction in which they have to work." Of course, that is the furthest thing from our minds and that is not the way a free society works.

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All we're trying to do when we develop manpower data or figures on the supply and demand in various fields of study is to enable the free market to work better. You will remember that one of the first things you learn in principles of economics is that for a free market to function, everyone must have perfect information about the outlook. So that's what we're working toward—to provide students and institutions, the buyers and the sellers of education, with the best possible information about what the outlook might be in various fields of study.

One of our constituencies for this kind of information is the higher education coordinating agency in each state that has the responsibility for planning programs. These agencies need to know areas in which there will be job market demand and in which programs do not need to be expanded to satisfy labor markets. Of course, the individual institutions are interested in this type of information too. As information is disseminated about strong job market opportunities, it is to be hoped that relevant programs will grow.

Unfortunately there are definite rigidities that impede the adjustments of program offerings to market demands. I will give you two examples of how these rigidities work. There is general agreement that the supply and demand situation from the student's viewpoint is excellent in business administration and accounting. This is one of the job markets where the graduates are in a seller's market and where the prospects are good. In response to this favorable outlook, students have been beating on the doors of the schools of business administration saying, "Let us in." We learned of a large Southern university which had so many students beating at the doors of the College of Business Administration that faculty decided to cut the number that they would let in. They went from 3,400 enrollment to something like 3,000. Then, they went even further. They said, "We know there are certain students who are trying to get in through the back door to 'bootleg' a business administration curriculum by taking one course at a time without being enrolled in the college. And we will not allow these students in until our own college enrollees have been given preference."

This is an example of institutional rigidity where a school of business administration was not able to expand to meet the needs of the students who were responding to a good job market. The institution could not accommodate to the labor market demands because the available professors were in

*Dr. Galambos is research associate for the Southern Regional Education Board.

other departments and the funds were not sufficient to expand the school of business administration.

I have been told of similar rigidities, especially among some of the smaller predominantly black colleges. Their counselors told me, "What is the point of your coming to the campus and telling our students that computer science is wonderful and that the health fields provide marvelous opportunities, when in our institution we do not offer these programs. If you encourage the students to take programs that we're not offering or if we encourage the students to do this, we might lose our jobs as students leave for other institutions where these courses are offered."

I'm giving you examples of rigidities that impede the adjustment of what job market information is supposed to accomplish. There is also good news: for instance, we have just had word that one of the large institutions in Florida, in view of the weak market for teachers, is stiffening enrollment requirements to the school of education, with the idea that that will reduce the number of people who will earn teaching certificates.

I have emphasized that the institutions and the coordinating agencies have a need for manpower data. The students are also tremendously interested in information about jobs, about opportunities and about the fields that are most promising. Certainly not all students view a job as the prime reason for going to college; but those who do are entitled to manpower information that they are seeking.

By providing data on what fields have good job prospects we may be accused of pushing vocationalism as opposed to the traditional idea of liberal education as preparation for life and a broad background: I would like to stress that this is false and far from our intention. We have deliberately emphasized that the past has demonstrated that many people who today manage our business and government have risen with a background in the social sciences or in the liberal arts. This general background has stood them well, and has produced people with the ability to view a problem from all sides. These people have progressed in society.

> "...there are ways of combining the practical that is skill-oriented with a broad background and a general education."

Today we are producing approximately one-half as many graduates in business administration as the estimated number of openings. Therefore, graduates who enter the job market with social sciences and liberal arts degrees will continue to fill the gap in terms of the deficit in the number of specifically trained graduates in business administration. Liberal arts or social science degree holders do have a hard time finding that *first* job. Many employers are interested in what a new employee can do the first week or month on a job—to read a profit and loss statement, to plunge into personnel administration, or to participate in a marketing plan. Employers want immediate skills and of course liberal arts majors or social science majors do need a little time to learn job-related skills. However, in the long run, their broad background will serve them well.

> "Liberal arts or social science degree holders do have a hard time finding that first job."

I'm trying to stress that SREB has promoted the building of bridges between vocationally oriented courses and the liberal arts. We have told students and we have emphasized in our publications that there are ways of combining the practical that is skill-oriented with a broad background and a general education. It is not an either/or situation.

I'd like to give you some overall statistics about the prospects for college graduates in the South for the ensuing several years. We have developed two projections. We call one the "conventional projection" and the other, the "comprehensive projection." In the conventional projection, we have included only those occupations that you traditionally think of as "college-type" jobs—professional-technical jobs, such as teachers, doctors, lawyers, social workers and accountants—"the professionals." If you look at the college job market in these terms, we estimate in the South, around the year 1980, we will be overproducing college graduates by about eight percent. This is no great overproduction, but it is different from the 1960's when we were underproducing for the professional-technical jobs.

If you are willing to look at the job market for college graduates from a broader perspective (and that's what we call the "comprehensive projection,")—if you are willing to accept the "upgrading process" throughout the job market in which more and more occupations are filled with college graduates, then we estimate that we will have a 13 percent deficit of college graduates in 1980 in the South. The deficits vary depending on the state in the region.

I will give you an example of this upgrading process because you may feel hazy as to what we are really talking about. When I grew up in Georgia, there were many, many elementary schools and also many secondary schools in which the teachers did not all have a bachelor's degree. And almost none had a master's degree. Who are we to say that by the year 2000, policemen will not all have

bachelor's degrees when it was perfectly acceptable 30 or 40 years ago for teachers to be educated in normal schools with maybe two years of college? There is a constantly changing perception of what is required in the world of work.

Some of the upgrading process reflects the fact that jobs do become more difficult and more skills are needed to perform the work. In that case the work will be more productive if performed by someone with more education. Some of the upgrading process, however, is just a response to the availability of college graduates. As a whole, we hope that our society will be more productive as we have better educated people who go into more and different occupations.

> "By providing data on what fields have good job prospects we may be accused of pushing vocationalism...: this is false...We have deliberately emphasized . . . many people who today manage our businesses and government have risen with a background in the social sciences or in the liberal arts."

I'd like to focus on a few examples, or the particular fields of study, we have analyzed in terms of supply and demand. We have looked at engineering, and project that engineering will continue to be a very good field for students in the South in the coming years. Engineering has suffered in the past from what economists call the "cobweb" effect: either you have too many, or then all of a sudden you have too few. We believe that we have certainly not approached saturation. In addition, we project that business administration is an excellent field. The possibilities for students in business administration are myriad, because so many different occupations require a background in business or accounting.

We have looked at the social sciences, and we have advised social science students to combine their majors with something practical in business administration. We've studied public administration and found prospects good. We've had a publication on teaching and have tried to steer young people into other fields, because the teaching area looks overcrowded as far as we can see.

We have paid particular attention to the prospects for women and for minorities. If women or minorities wish to improve their opportunities, they need to consider two aspects: 1) they need to think about fields in which demand is going to be good for everybody, regardless of race or sex, such as accounting, or engineering and 2) they should enter fields in which there are not too many of their race or sex—in other words, fields where they could benefit from affirmative action. Examples of fields in which women and minorities have the "best of both worlds" (a good market for everybody, plus that little extra of affirmative action) are fields such as accounting, engineering, finance, computer sciences—all fields which basically depend on a strong quantitative background. This leads us to stress that a good foundation in mathematics is important for people who want to switch to fields with better opportunities.

Our spin-offs from the work on manpower projections have been twofold. We have become quite interested in the whole aspect of faculty advisement. Students do interact with faculty more often than with anyone else. After all, they do see faculty every day. So we are supportive of injecting career counseling into the everyday contact between faculty and students.

We have also become interested in, and are entering into a new project on "follow-ups." What happens to the graduates when they leave the institutions? We found that many follow-up studies have been conducted in the region by individual institutions and in some instances by the state coordinating agencies. It is our objective to encourage as many of these follow-up studies to use the same questions, or at least ask some questions in the same way. In this manner we may be able to return to you legislators maybe a year or two years from now with some overall answers as to what is happening to the students in our region. If they have a major in political education, what do they happen to be doing? How do graduates generally evaluate their college education? The objective is to determine how the graduates assess their college experience and what has happened to them since they left the campus.

A third direction in which we are moving is to analyze the interaction of supply and demand at the college level, the junior college level and the vocational-technical level. The graduates of these various sectors interact in the job market; you cannot separate them into little boxes. Take the nursing field: we have graduates with two-year and four-year degrees and also with diplomas from hospital-based schools. They are all in the supply as against nursing openings. If we examine supply and demand narrowly at one level, we might be missing the real action.

Career Planning at Colleges and Universities

Anne Seawell*

There are some unconnected and maybe even irrelevant comments or questions for you to think about as I speak to you today.

> Is not that bus driver of yesterday our L-1011 pilot of today, and perhaps the spaceship commander of tomorrow?
>
> Are college presidents doing any thinking about requirements for admitting faculty to the field, as related to what is expected of them on the job every day; and can we avoid the term "overqualified and underutilized?"
>
> Does the old Boy Scout motto of "Be Prepared" and the story of the foolish and wise virgins in the Bible have anything to say about the fact that we do need education beyond the point of immediate use?
>
> Have we thought about the fact that the one professional who requires the greatest training today and who is probably at the top on the income level—the medical doctor—is the one who, only a very few years ago, didn't require any college but he learned on the job?

Just think about these things as we talk about careers and career information.

On the university campus at our summer orientation, where we bring in both freshmen and parents, we have a program on the 18-year-old majority. It started primarily as a discussion about the legal aspects arising from this particular fact. But at this time we are now expanding this program to talk to students about other aspects of this age of majority, which we sometimes confuse with the age of maturity.

I think most of us are willing to say that you cannot put an age limit on maturity, and yet I think today we tend to refer to the educated person of yesteryears as the more mature person. I would like to submit to you that I think that the real achievement of the age of maturity is the exercise of the right by the individual to make decisions for himself.

Now, that should be the goal of education, to help the student make those decisions. To decide is to use what you know to get what you want. To make a career decision is to use what you know about the world of work—the kinds of things you've been hearing about in terms of facts, manpower and employment statistics and trends—to make a decision, to use your talents, your skills, your education, your experience, your own personal needs, and above everything else, your time and talents, to do something of value for yourself and something of benefit for society as a whole.

Back in the days when I was involved more in financial aid than I am now, I used to talk about who pays for higher education and who benefits from higher education. I hope these questions are settled—society and the individual benefit; and, hopefully, society and the individual will pay. I think the same thing applies to the question of liberal education versus practical. I think we've got to have both, and I hope we all agree with that.

In his play, Shakespeare leaves Hamlet with the famous quote of "To be or not to be, that is the question," and that for Hamlet was the question in the Denmark of his time. But I submit to you that perhaps for college students today, this is the same question that we should ask: "What are you going to be when you finish school?" That question implies an answer: either be something or be somebody.

We have made some reference to access to higher education, and I think perhaps that was what was really behind our providing access to higher education to people regardless of their financial conditions or their personal situations. They wanted it and could absorb it, and I think behind that is the concept that if you get a college education, you can "be somebody," and that all of our citizens have that right. But on the other hand, the "be something" for many years seemed to refer more to being a doctor, a lawyer, a teacher, or a minister. In essence, to be what I would term a practitioner of a profession, a profession being certain occupations that have certain requirements, is basically a primary purpose. But with the advent of the G.I. Bill right after World War II, we began to bring to our campuses people who were preparing for careers in other than the standard professions. We were beginning to turn out businessmen, industrialists, government workers—people wanted to learn different kinds of skills which required different kinds of skills training.

> "I think our college students are beginning to get away from the concept that jobs are going to come find them..."

The question then became not so much "What

Anne Seawell is director of Office of Career Planning and Placement at the University of Georgia.

are you going to be?" as "What are you going to do?" Now either question, "to be" or "to do," is not a simple one to answer for today's young people.

Perhaps historically, we can look back to the time when in the landed gentry the eldest son inherited the title and the property, the next son probably had to find a life position of service in the church, perhaps the next one in military. It was pretty well designated. This system began to lose some continuity during the so-called Industrial Revolution, when Judaic-Christian philosophy seemed to hold sway and the church supported the principle that God created each man for some specific purpose. And so guidance was given through the church. It still is, to some extent, in terms of "What are you going to do with these God-given talents that you have?"

But the responsibility for guidance now has shifted from home and church to the schools. It has become our responsibility to help young people make these decisions of life planning or career planning. Students are expected not only to get an education, a diploma or a degree, but they are also expected to answer certain questions for themselves: "Who am I?"—identity; "What's this whole world all about?"—meaning; "And what am I supposed to do?"—purpose.

Now very often we ask those questions—in that order—and we spend a lot of time on them—in that order. Actually we should ask the last one first: "What is our purpose; what are we here to do?" That, in turn, can lead to meaning and to identity.

One of my favorite cartoons in recent times is the one of Margaret asking Dennis, "What are you going to do when you grow up?" And Dennis answers, "What do you mean, what am I going to do when I grow up? I don't even know what I'm going to do this afternoon." Now I submit that if you had asked Dennis, "What are you going to be?" he would have answered with either whatever was his current interest or his role-model of the moment. This, then, brings us to the real dilemma between "to be" or "to do." Today many of our students are answering the wrong question. They are trying to come up with what they want to be, only to find out that they do not want to do what it takes to become what it is they wanted to be.

Now let me make it clear what I am talking about is how you take learning and experience and add it to the talents and the time and put it into the world of work. Students should ask, "What am I going to do today, what am I going to do tomorrow, what am I going to do next week, what am I going to do 10 years from now, what am I going to do with my life?"

Let me ask you to do that for yourselves for a moment. If someone came up to me and asked me, "Who are you?" I'd give him my name. I think most of you would, too. But then if he said, "No, I don't mean your name. Who are you?" I would give him my occupation, so would most of you. So in effect, what you do is what you become, and this is your identity.

The key question for students, then, is how to relate that question to manpower and educational and employment statistics and information. This is the key. As I said earlier, the career decision is

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utilizing what you know about manpower and employment, the world of work. This is the heart of it.

I am a little distressed sometimes when we talk about being "overqualified" or "underemployed" because what we have done is reverse what we might call the education-work pyramid. We have said, "The more you learn, the less you can do." You become a specialist and unless you are in that particular field you are underemployed. Why should it not be, "The more you learn, the more you can do, and what you decide to do is a matter of personal choice."?

I do not believe that higher education is in such a bad situation so far as curriculum or discipline is concerned, or even in our counseling, in terms of testing and helping students to evaluate their own interests and beliefs. I think we're in pretty good shape. We've been at this for a long time, we've developed it through experts, and we have these people available. What we don't have is an understanding of the world of work. This is the clue. This is the bridge that we need to make.

There are some things about manpower and employment statistics and information that we must make available to our students. I think the study of supply and demand that Eva Galambos and her SREB coworkers did is great, and I'd like to commend it to you in many ways, because one has to look at that comprehensive approach rather than just our conventional one. Now, what should be included in this? Students should have information about our economic system and how it works, the demands and also the rewards of a free enterprise society, the principles of capital investment, the role of taxes, the role of profit, and how they're inter-

woven, and in general how our free enterprise system works.

Students should also have an overview of supply and demand projections, with an understanding of the limitations and opportunities that are imposed by the needs of the people and by the availability of resources. They should have an introduction to individual employers—education, business, industry, or government—at all levels. This should include such things as size, location, services, products, how they operate, whom they hire.

In most of the things I've been reading recently, even though we're getting more and more into career education, very little has been written about the nature of the employer. It seems to me it's exactly like teaching young people how to make marriage a success and never introducing them to the opposite sex. I think we've got to introduce our students to the world of work, and that means not just general introduction but information—better information—about beginning jobs; requirements, qualifications, prospects for the future, and some emphasis on alternative routes. Here again, the broader the education base, the better choice of an alternative a person has. Students must also be aware of the mundane, everyday, routine aspects of work, the pressures and demands of every job—things like how to balance a checkbook, and how to get to work at 8:00 and stay till 5:00. It's amazing how many students find, after the freedom of a college campus, how difficult it is to stick with the routines of a regular working day.

Just as a great library is central to a great academic program, so a great career planning and placement center is central to a strong program of career counseling. A central career planning and information center is needed to serve as the repository of this kind of information, and it should be strong. For instance, all disciplines can benefit from broad information, and perhaps it's oversimplifying to point this out. You go to med school to be a doctor, you go to law school to be a lawyer, and you can go to almost any kind of school to go to work for government or business somewhere. An employer does not directly relate to an academic school.

Colleges and universities should very definitely provide these comprehensive career planning and placement centers, just as they provide a well-stocked library, filled not only with the day-to-day materials for student use, but with those rare acquisitions that may remain on the shelf unused for many years but are available when the time comes.

Those of us in career planning and placement work with a lot of these day-to-day jobs—the accountants, the engineers, the teachers, the things that are in big demand. But then those unusual jobs come along, the kind we keep on the shelf because nobody really meets that qualification every year. Then you suddenly find the student who does. So just as the library has to have things that are used every day, many times, as well as those that are used once every five years, you'll find information in a career planning and placement office just as varied. From the practical point of view, how are you going to do all these things? I emphasize the most important one, information. This information changes daily. It needs to be kept up-to-date.

There are ways of helping students get this information, either in conjunction with or outside the formal curriculum through personal and group counseling by persons who know and understand the world of work, what it expects, what it has to offer, and how to get in. We should also provide experiential opportunities, because this is the best way a student can learn some of these things. This means part-time work while in school, co-ops, internships, and seminars. There are many forms of going out and actually finding out what it's all about.

Students will also need exposure to and training in the skills that are needed to locate, pursue, and secure employment. This includes interviewing skills, resume writing, letter writing, and planning a job campaign. I think our college students are beginning to get away from the concept that jobs are going to come find them, they may have to go find a job.

And students should be provided with opportunities to meet and talk with employers about jobs. There are a lot of ways we can do this. One of the SREB reports on academic and career counseling touches on much of this, and I commend it to you. One way is that faculty members become career counselors. We shouldn't want to try to make career counselors out of every faculty member. But we should have some faculty members, not every one, become career experts concerning work in specific fields. Here again, I go back to my library analogy. I think that we want to have our faculty understand where practical information is available and how to use it.

There is no way to build a true and strong society except by educating true and strong men and women. There is no way to have a healthy and prosperous, purposeful nation except to have healthy, prosperous, purposeful individuals. As we look to our graduates to build our bridges and our cathedrals for the future, we must remember that the stronger and better the foundations, the more useful and more beautiful the bridges and cathedrals. Society needs both.

Education as a State Priority

Ralph D. Turlington*

Our topic is education as a state priority, and one of the issues we will discuss is competition among the various elements of education for legislative appropriations. But I can't resist making a few comments which are not in the mainstream, but are still related to the central idea, namely "education as a state priority." Each one of our state constitutions has provisions for state responsibility for education, but if you read the United States Constitution, you won't ever see the word "education." Education is a state, not a federal, responsibility. In my judgment, it is the greatest single responsibility state government has. Do we want the responsibility for education to lie with the federal government? I believe each of us would agree that we don't. One of the great strengths in America is the restraint of governmental powers.

Our diversity of government, and the fact that the states have been a central part of government in America since our establishment, are two of the great traditions that have sustained this nation. We have a system of checks and balances and, in my judgment, state responsibility for education is one of the important checks and balances that we, as state officials, should insist be continued.

We are a diverse country. We have many religious and ethnic groups. We don't seek to control the thoughts of our citizens. We question our leaders. We question our government. Do we want an educational system that is centrally controlled? Do we want a national curriculum for our systems of public education? When we examine our long-range values and the intellectual strength and security of our diversity, I think we will say that, "Yes, education has been, is, and should continue to be a state responsibility."

Local authority within each state is important, but determinations of where, how and when are set by the state, through state laws and through state constitutions. How this is done should be determined by each state. We should remember that we have federal and state constitutions only, and that the relationship between state and local governments is an issue of state strategy and state policy, and not of federal policy.

Education, as a state priority, is the highest state priority. As our society becomes more complex, as our individual material and emotional well-being become more dependent on knowledge or skills obtained through education, we will find that our responsibility for education is growing, not diminishing.

> "Education ... is the greatest single responsibility state government has."

I've paraphrased a quotation that I particularly want you to note: "The state that turns its back on, or faces its education responsibilities and needs with only faint-hearted commitment, is not worthy to be numbered among the kingdoms of good government." (Third Chronicles, 3:15)

All of our state constitutions refer to education. For example, the Florida Constitution says that "Adequate provisions shall be made by law for a uniform system of free public schools and for establishment, maintenance, and operation of institutions of higher learning and other public education programs that the needs of the people may require." It is the legislature's responsibility to make provisions for that.

Our discussions here today and yesterday have been excellent. I thought the statistical summary on higher education in 1985 by the SREB staff was excellent — the figures were realistic and well-illustrated. The only place where I quarrel with them is in that part dealing with Florida. I frankly do not believe that the enrollment forecasts for Florida colleges and universities will be realized. I think we have overestimated our future enrollments. I don't mean to diminish the role of education in the future, because education is most critical to our long-range interests. But I do believe that we will not have as many people to deal with, in the traditional ways, as we've had in past years. I recently learned that there are about 1,300 institutions in America preparing students to teach in public schools. When you read enrollment forecasts you wonder what each of these institutions is doing

*Mr. Turlington is Florida Commissioner of Education, and served in the Florida legislature for 24 years, holding a number of leadership posts including Speaker of the House.

to prepare for what's going to occur. These same institutions were sent questionnaires and three-fourths of these 1,300 institutions reported that they did not anticipate declines in their enrollment. It seems that declines are always going to be someplace else.

We are clearly experiencing significant changes in our enrollment. The patterns of enrollment are important, too. Enrollments in the future are going to be shifting. In Florida when we discuss enrollment increases, we're talking about increases largely in urban centers. Take Atlanta for example, where you have two state institutions, Georgia Tech and Georgia State University. The types of programs at Georgia State will unquestionably account for a much higher proportion of college enrollment than has been the case in the past. Total full-time-equivalent (FTE) enrollment is going to be quite different than it has been. The age pattern of FTE's will move upward—it has already changed greatly from traditional patterns. We'll find that many cost factors will differ from those in the past.

Now let's talk for a moment about enrollment in the public school system. As a person who has run for elective office 14 times, I've learned that when you want to illustrate a principle, talk about someplace that is far away. I'm from Gainesville, Florida, and near Gainesville is Gilchrist County, a very small county in population. But I never used Gilchrist County to illustrate a point when I was in Gainesville. I would always talk about Liberty County, which is west of Tallahassee, almost 200 miles away. And, when I'm in Tallahassee I never refer to Liberty County, I refer to Gilchrist. The reason I'm telling you this is because I want to talk about Illinois.

Illinois has experienced a declining birthrate and has studied this situation as thoroughly as any state I know. State officials there conducted some very serious studies about declining enrollments in the public schools. Those who don't believe that these figures will hit home had better think again. For those who are from Florida, a "growth" state, I'd point out that we have 67 counties, and that this past year 28 of them lost public school enrollment. No state is immune to what is occurring demographically in this country, including Florida.

"No state is immune to what is occurring demographically in this country..."

I quote from a part of their study written in 1974: "Live birthrates in Illinois peaked in 1959 at 239,871. After almost 14 years of uninterrupted decline, live births for the past three years have stabilized at 169,000. But data indicate a birthrate of between 1.8 - 1.9 children per female of child-bearing age—a rate comparable to the national average, and below the 2.1 rate considered necessary to maintain zero population growth. But by 1976 or 1977, the number of live births should begin an upward trend."

Ralph D. Turlington

We have not yet experienced any significant changes in our birthrate, and you can examine our elementary and junior high enrollments in public and private schools and see that our high school enrollments today are at a peak. We're soon going to have some empty high schools. Also, college and university enrollments, unless a much higher proportion of persons continue their postsecondary education, are going down. Increasing our facilities must be very carefully planned. In some places our facilities are overbuilt. Nevertheless, there will be growth in education to meet need.

There will always be things useful that persons of ability and good training can do. Let me refer again to Illinois. As enrollment declined for several years they did not reduce their faculty; they improved their teacher-pupil ratio. This past year, however, after several years of declining enrollment, the actual number of public school instructional personnel in Illinois declined by some 3,000. Although Illinois is fourth from the top in declining enrollments, this type of problem lies ahead in many of our states and in parts of all of them. They used declining enrollments in Illinois to improve their teacher-pupil ratio. One might ask, "Has this improved education in the state of Illinois?" I can't answer that, except that I believe that it has improved it over what it would otherwise have been.

There is no question that we are going to be faced with very difficult decisions about what to do with those higher education facilities that have been used for teacher training. I believe that it is important to continue to inject new blood—to continue to have some of the freshness and vitality of young teachers—in our public schools.

We should now be able to give tomorrow's children the opportunity to receive the best public education children have ever had. We've always used

the excuse before that trained people just weren't available. We can't use that excuse any more. We have plenty of adults. The scarcest resource we have in America today, relatively speaking, is children. If we want to talk about what our future will be like, we can't be satisfied with the quality of education these past years. We must insist on better programs for our children than we've settled for in the past. I am confident our schools will greatly improve in the period ahead.

We speak about limited funds being available and at any given time that is true. All of us have dealt with appropriations and worked with a fixed number of available dollars. That's the short run. In the long run, what you do as legislators—as state policymakers—depends largely on what your constituents are willing to support. I call it, "Where your treasures are, there will your heart be also." If your treasure really is providing a good educational program (which I think we can well afford to do) for the limited number of children who will be entering our public schools, there is no reason why states can't provide the best educational program we've ever had. We must acknowledge now that many of the generation which came in such great numbers following World War II were educationally shortchanged. With the reduced birthrate, our best option is quality. We don't have quantity any more. There's no excuse for us not to provide the best resources for this group of children coming along. I recognize that it is difficult to get the public to support much of anything right now, and I thought our legislature did as well as we might reasonably have anticipated, although it could have been better. Of course, they point out that we could do our job a whale of a lot better with the resources we have, too. It cuts both ways. We should, and must, make excellent and frugal use of the resources that we have.

We should insist on a day's work for a day's pay. We should also insist on better quality than we have had in recent years. If we do this, we'll improve the quality of our school programs significantly in the years ahead.

One of the points I want to raise is the issue of competition between higher education and K-12 education, especially for the so-called limited tax dollars.

Part of my responsibility as Commissioner of Education is to take a leadership or advocacy role in securing resources to carry out our responsibility to provide educational programs. I've never looked at things—in terms of what is done—as being absolutely fixed. People will pay for something if they think they're going to get their money's worth or if they see the need for it. Competition between universities and between public schools is the type of competition that exists in the sense of the short run, but not in the long run. I was in the insurance business and there's a lot of difference between one kind of insurance and another—between, say, life insurance and casualty insurance. There's plenty of room for specialization. But when someone begins talking about how the insurance industry has failed to do this or that, you suddenly find that just because someone might be talking about health insurance, then anything that uses your name is a knock or a boost.

You encounter the same situation in education. If you knock what happens in universities, or what happens in community colleges, or vocational or K-12 education—that's a knock at all of education. In the public's mind, it's a loser as far as we're concerned. Boosts about education are the same way. You find that cooperating and selling education, together, is more beneficial for everyone than knocking each other. I've learned about various schools in colleges and universities that are going to be competing with each other. Unquestionably some schools will experience enrollment declines. The Superintendent in Illinois commented that he had a problem explaining to his legislature about how, when you have fewer students, you still need as much money—plus the inflation increase—as you needed before. Yesterday, you heard about marginal costs. Marginal costs are only 20 percent of the total costs. Enrollments will be declining in many fields and at many of our institutions, so handling that problem will be very difficult. And you, as legislators, will have to make decisions that are very difficult.

Let's talk briefly about who's representing which district—which is brought to mind by a comment from a legislator this morning that he represented a district in which there had been an excellent school primarily devoted to teacher training. Now, because everyone else has gone to teacher training and because everyone is going to be cutting teacher training programs, I gathered that he felt it was unfair for institutions historically in the business to be treated like those who were Johnny-come-lately schools. Dialogs like this are going to come up. But from a perspective generally supporting education, it doesn't benefit anyone to knock one level of education vis-a-vis another. Our approach has been for everyone to find their best holds, hassle with each other, and to sell their phase of the program and their needs. Then we also try to sell the overall concept of education.

I'm satisfied that that's the best way for us—the Department of Education—to handle ourselves.

In the long run, we do not compete between higher education and public education for the same dollars. We compete for the confidence and commitment of our citizens to support both. In our ever-increasingly complex society, our investments in education for human values and security will require increased economic and human resources. To fail to meet this requirement is to turn downhill in our communities, our states and in our country.

Two Views on Collective Bargaining

"When you organize faculty through collective bargaining all you can have left in a university... is something more closely resembling a factory than a university.

John R. Silber*

**Dr. Silber is president of Boston University.*

It is my pleasure to have been invited to address this group. I had very frequent contact with legislators in my years in Texas and I came to admire and deeply respect those who engage in politics at a level close enough to their constituencies to know the meaning of responsibility and to experience the "tremble" factor. The "tremble" factor is a term developed by the economist Rosenstein-Rodan to describe a situation in which one has something to lose as a possible consequence of the decisions he reaches. I would use as an example the Roman engineer, who was typically placed beneath an arch he designed and constructed while its scaffolding was being removed. If the arch held, the engineer had a continuing career, but if it did not, there was no problem of raising his malpractice insurance rates. It was a self-corrective system. There is much of that in politics at the state level. A shared sense of responsibility that legislators and college presidents have, and their acute availability to their constituencies, give us something in common.

The issue of collective bargaining is of critical

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"(Faculty are) probably the most unlikely group to ever organize into a union in the history of the labor movement."

Robert Nielsen*

**Dr. Nielsen is director of the Colleges and Universities Department of the American Federation of Teachers.*

It is inevitable that our topic, Collective Bargaining in Higher Education, has generated much confusion and debate. Institutions of higher learning are very strange animals, described recently by someone as a collection of medieval fiefdoms connected by a common heating plant. Add to that rather acerbic definition the provocative words, "organizing, unionizing, bargaining, impasse, strike, etc.", and much trouble could properly be anticipated.

In the minds of many, these ingredients shouldn't mix; or at the very best, should result in a sour mixture indeed. Much to these cynics' dismay, however, this mix works quite well on many campuses where collective bargaining is a fact of life. The agreements reached on these campuses represent union coverage of about 25 percent of the faculty and professional staff throughout the country. And, surprisingly, this all happened over a brief nine-year period. By any measure that's incredible growth, but when viewed from this perspective, it's amazing: forty years after passage of the Wagner Act only 30 percent of industrial

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importance for higher education both in the state sector and independent sector. I do not use the categories "public" and "private" sector. All higher education—whether in the independent sector or in the taxpayer-supported sector—is public education. We educate the public at Boston University; they educate the public at Trinity University in San Antonio; Tulane educates the public. There is no university or college that does not educate the public. The question is, "Does the institution subsidize the taxpayer as in the independent sector, or does the taxpayer subsidize the institution as in the state sector?" The independent sector of higher education in the United States subsidizes the taxpayer at the rate of about six or seven billion dollars each year. The taxpayer subsidizes the state sector to a much larger amount, roughly 20 billion dollars. The decisions we make with regard to collective bargaining in higher education —particularly with collective bargaining as it relates to faculty members—are going to have a profound influence on the future of both sectors of higher education.

> "Have we inadvertently slipped into collective bargaining for faculty members or have we done it with our eyes open?"

No one argues industrial trade unionism is not needed, for before the Wagner Act there was exploitation in the United States that cried for correction. All of us who know the history of the industrialization of this country or any other recognize that industrialization can cause very great human suffering and often profound social injustice.

The question that we must ask is: Have we inadvertently slipped into collective bargaining for faculty members or have we done it with our eyes open? I understand the increasing pressure faced by each legislature to pass legislation guaranteeing collective bargaining for all state employees. But I wonder whether faculty members are really state "employees" in the state institutions. It seems to me quite consistent to argue that the National Labor Relations Act (NLRA) should apply to universities as institutions while maintaining that it was never any part of the intention of the NLRA to apply it to faculty members, because of the very distinct nature of their employment.

Now, if you ask me, "Do farmworkers need the protection of a labor union?", my answer is an emphatic yes. I don't think the farmworker can be protected adequately without collective bargaining. He is not well educated, he certainly is not articulate, and having no economic reserves he is dependent each day for his daily bread and the daily bread of his family. These are not circumstances in which the individual is well prepared to stand alone.

But faculty are, by definition and by condition of their employment, the most articulate and the best educated of all—not merely ordinary people, but of professional groups. The average Ph.D. has spent more time in the classroom, has read more books, has written more than the average graduate of a law school, than the average graduate of a medical school, than any other professional. The extraordinary background and education of these individuals sets them apart. Secondly, nearly all of them make their living teaching. And if they are competent to teach, they are competent to articulate their ideas. Now, these individuals cannot claim to be alienated. What are they alienated from? They are required by the administration to do precisely this: to study, to write, and to teach in that area of human investigation that they personally and individually decided they were interested in. And the persons with whom they have to deal are exciting, bright, intelligent, hard working, young students who aspire to greater knowledge and ability in the areas in which these individuals said they were interested. I find no text on alienation in the writings of Marx that fits the situation of the professor. In reading Gompers' *On Trade Unionism*, I fail to see how professors resemble the carpenters, the bricklayers, the craftsmen, that Gompers was concerned about. Nor, I think, would John L. Lewis find that professors are alienated from themselves and their self-development in the way in which persons who work in the dark mines and suffer from black lung and other diseases are. We have to recognize that professors are simply not alienated.

Secondly, we have to ask, "Do they suffer from exploitation?" Now, from 1910 to 1950 the average full professor in the United States—that is, the person who went into academic life and achieved the height of his profession—earned in 1975 value $13,000 a year. In 1975, $13,000 was the median income in the United States. That is, for a period of 40 years the person who chose academia as his way of life did not make below, but neither did he make above the average in compensation. And his compensation was a very different kind. It consisted in his being asked to work approximately 30 weeks out of the year with 22 weeks for his own personal development and fulfillment. He was asked to teach anywhere from five to six courses a semester back in 1910, down to two or three courses per semester at the present time. He was asked to study, to write, to ensure his own self-development, and to be concerned for students. And he was left pretty much on his own as to how he accomplished his professional responsibilities. It was the quality of life, it was the nature of the

pursuit, it was the attractiveness of the pursuit of truth, and it was the attractiveness of explaining ideas to others that drew people into academia.

Beginning about 1950 with the sudden expansion of higher education following the enactment of the G.I. Bill, things began to change. By 1960, the average full professor's compensation was up to about $18,000 a year, then in 1970 it had reached about $20,000 or $22,000, and by 1975 had reached approximately $25,000 per year. Now if we differentiate between kinds of institutions, the average compensation for full professors is about $28,000 in universities. It is around $24,000 in the four-year colleges, and it is around $22,000 in the junior colleges. These salaries are what a person can expect when he reaches the top of his profession, adjusted to 1975 dollars.

This means that, instead of being at the median of American life, full professors in universities stand in approximately the upper five percent of American wage earners, those in four-year colleges in the upper 10 percent and those in junior colleges in the upper 12 to 15 percent. If this represents exploitation, then everybody is exploited. We are talking about those within the top 12 percent of personal income in one of the richest nations on earth. These individuals are fortunate—indeed live in a state of luxury by any historical standard. The idea that the faculty is being exploited is preposterous.

I read in the newspaper this morning that billions of dollars in pension plans in American industry are unfunded, thus exposing workers to a grave risk of ruin in their retirement. By contrast, in academia, most universities and colleges have fully-funded retirement programs.

So we are not talking of the classic bases of trade unionism—alienation and exploitation. Rather, we are talking about what happens to individuals when, by becoming so well-to-do relative to the former standards of their profession, their ideals and their concerns begin to change.

"A faculty member today has more in common with an insurance salesman or with a middle management business executive than he does with a professor of 25 years ago."

A faculty member today has more in common with an insurance salesman or with a middle management business executive than he does with the professor of 25 years ago. It is not merely that power tends to corrupt—and absolute power tends to corrupt absolutely—it is that money changes one's attitudes. As Jesus said, "Where a man's treasure is, there will his heart be also." And once professors found that they could make good by doing good, they became increasingly interested in making good and less interested in doing good. And I think this change in faculty attitude must be recognized. Faculty are using an intelligence which is vastly above average. Let no one claim the average professor is a stupid man. He is a highly intelligent man and he is imaginative enough to wonder whether there are ways that he can manipulate the NLRA to his own advantage. And this is precisely

"The idea that the faculty is being exploited is preposterous."

what faculties are doing: trying for an increased share in the governance of the universities. At the same time they fail to recognize that once you abandon the collegial pattern of rational persuasion for the trade union banner of force—what you can do on the picket line—you have changed radically the nature of the situation.

The National Labor Relations Board (NLRB) stayed away from universities and colleges for many years. And then in the Cornell case the NLRB came in because, for a variety of paradoxical reasons, all parties wanted them in. Why did everybody want them in? Because in 1969 the state legislature of New York decided to include under their labor law all state employees, and that meant that the employees of Cornell University as a partially state institution now fell within the jurisdiction of the state labor board. The Cornell personnel office said, "Well, if we're going to have to deal with a labor board, we'd a lot rather deal with the NLRB than deal with the state labor board." And so everyone within Cornell decided, "We'll get together with the union and we'll all petition for the NLRB." And the NLRB extended jurisdiction to Cornell as a whole. It extended its jurisdiction over all Cornell employees even though no one claims that the NLRA was ever intended to cover faculty. No sooner had it taken jurisdiction then it began to treat the academy by analogy with industry, even though the academy was so different as to make this policy deeply disruptive. The NLRB had no experience with higher education, which became apparent as its various regions made highly inconsistent rulings about such matters as the status of part-time faculty and department chairmen. The NLRB adjudicates matters *ad hoc* case by case, there are no reliable nationally consistent policies, and the chaos continues.

The NLRB has strayed far from the purpose of the NLRA, which was to contain conflict. Now, by the inconsistency of its rulings, it is creating havoc. Part of the reason for this is its ignorance about higher education. We can see this by contrasting

NLRB handling of non-academic areas within higher education. We have had no difficulty with the NLRB in handling cases involving janitors. A janitor in a university is, in my judgment, essentially indistinguishable from a janitor in a business. And if you can have the labor organization for a janitor in business, I see no reason why you can't have it for one in a hospital or for one in a university. But to talk about unionizing faculty is to talk about something for which the categories of the industrial model simply do not fit. Is the faculty member a supervisor? So far as I know, no consideration has yet been given to the supervisory relation of the faculty member, nor to employees such as secretaries and other faculty in which it is clear there is a supervisory role, but with regard to the student. And why? Because, I suppose, in its lack of expertise the NLRB thinks of the student as a customer. The student is not merely a customer of a university. The student happens to be the raw material—a part of the raw material out of which the work of the university is done. Not only is the student raw material, the student is also the final product, in a sense, of what the university does. And the student is the customer. The student is all of these.

But also a part of what is done at the university is done with the raw material of faculty who blend their raw material into their daily work to produce books, articles, lectures, and the rest which are also the product of the university. Now the faculty member is designing a product of the university. He and he alone in many cases decides everything which is to be done in an individual course. I never taught a course in which I did not have personal and individual responsibility in deciding what would be included among the readings, how many papers would be required, who would read the papers, who would evaluate the papers, and what grades would be given the student.

All of those marketing decisions about acquisition of raw material and customers, the evaluation and removal of customers, saying the customer is sometimes wrong—all of these marketing decisions, high level policy decisions, were made by an ordinary assistant professor!

The model of industrial manufacture simply makes no sense in the context of a university. The model of professional activity, of the relationship of a lawyer to a client, or of a doctor to a patient, makes very little sense in the context of a university. Policy decisions of the most profound sort—determining the purpose, the mission, the quality of what goes on in a university—are made by people as far down as teaching assistants, as instructors, as assistant and associate professors. And none of this subtlety has come out in any of the decisions which have been reached because the NLRB simply has no experience or competence in this area. And often the labor counsel, able as they are, fail in presenting cases because they simply do not know enough about universities to know how to present them.

At Boston University the American Association of University Professors (AAUP) knew perfectly well that earlier in another case it argued for the unity of the university, for keeping the university together, for recognizing the solidarity of interests of all faculty in the university. But they recognized that at Boston University if they tried to organize on that basis they would be defeated. So they peeled off the medical school, they peeled off the dental school, they peeled off the law school. What do these have to do with the University? Those have very different interests, the AAUP claimed. They ignored the literally hundreds of courses being taught on our main campus by medical and dental faculty, the number of law professors teaching courses in the College of Liberal Arts, the number of courses taken by law students in the College of Liberal Arts and in the School of Medicine, the number of courses taught in the College of Liberal Arts taken by medical students, etc. They ignored all of those relationships and interrelationships, not because of any rationale, but because this was what they had to do if they wanted to win. When it came time for the election they chose two weeks after classes were over! You couldn't get away with that in an industrial context. You can't even hold an election on Sunday or on Saturday, unless those are regular work days. But they held it two weeks late. Shortly thereafter the NLRB held that no election should be held within 30 days of the beginning or end of the school year. Only a minority of the gerrymandered unit voted. Only 46 percent of the faculty were contained in the unit itself. Our part-time employees, even if they had been working for the university for 20 years, were excluded. Department chairmen were included despite the fact that they are as much a part of management as the president of the university. With all of these confusions, they sought their advantage and a minority of 20 percent of the faculty of Boston University voted for the union.

The collegial model is destroyed when 20 percent of your faculty disenfranchises all the faculty of the law school, the medical school, the dental school and tells them they don't really count. It is also destroyed when they disenfranchise all of the part-time faculty on which every great university depends for continuing substantial parts of its enterprise.

President Horne, at Santa Barbara, is criticized because he is said to be running his university like a factory. When you organize faculty through collective bargaining all you can have left in a university, in my judgment, is something more closely resembling a factory than a university. The unions, of course, regularly assert that they wish to retain all the present collegial governance on top of the in-

dustrial model. Indeed, they try to use the industrial model to increase their advantages within the collegial model, by placing faculty on the Trustees, and by strengthening the role of faculty senates and the like. On this score, the NLRB has been quite clear-sighted, maintaining that collective bargaining cannot be compelled except with regard to economic issues. Unions may promise voters in a representation election that they are going to bargain on governance, but they cannot guarantee that they will. They have no support in law or in NLRB practice for such a pledge.

> "The trouble with an arbitrator is...the tremble factor ...He wants to be sure to make a decision in such a way that he will be invited back..."

If faculties find this upsetting, it is because they don't understand that you cannot work both sides of the street successfully. They can enjoy their solitary life free of surveillance, free of examination, to pursue their own work and their own self-development and the self-development of their students in this remarkably sensitive and complex relationship known as the university. Or they can go down to Sears Roebuck, buy themselves a blue shirt, learn the words to "Joe Hill," and come back as members of a trade union. They must make up their minds what they want to be. Now if one wants to be a trade unionist, then I think one should recognize what usually goes with it. Featherbedding has been a part of trade unionism in the United States, and featherbedding spells bankruptcy. There is no way that universities can become financially viable through the addition of trade unions. A university is either excellent or it's not worthy of the name. Nobody calls a university into existence in order to have something mediocre. If you are going to have higher education, by definition it has to be higher than something. Our concern for quality means that we have a concern for advancing the best.

Now how do you tell who is the best in an academic situation? It is not by having a shop steward come in and say, "I want an increase of $1.15 an hour for *everybody*." It is by having academic vice presidents and provosts and department chairmen and senior professors examining one another and their junior colleagues and saying, "Joe Green wrote the finest book on the American Colonial period that has appeared in the last 10 years and Bill Jones has written an incompetent piece of trash. Let's promote the one and let's fire the other."

That is the way you evaluate within the university and it has nothing to do with collectivity. One English professor is not like any other English professor, much less like every other English professor. Whereas, you can say one person who puts in a windshield of a Ford automobile is very like someone who puts a windshild into a Buick or a Cadillac. There is a basis for collective assessment of work and productivity in industry in a way that is not present in a university.

When we understand what we are dealing with in universities, we have to decide, "Do we want to destroy them? Do we want to transform them into something radically different from what they were before, and something that we may not want at all after we have achieved this transformation? Or do we want to say 'Stop!'?"

It would seem to me that the legislators in this country ought to think profoundly on the question of whether there should be trade unionism—collective bargaining—for public employees. And the reason why I question this is not because I don't think some public employees need unions. I agree they may need to have some kind of protection.

But what worries me about it is whether the "tremble" factor applies to those who grant the demands. They are not spending their own money. They are spending the taxpayers' money. That is a very different phenomenon from the owners of the Ford Motor Company deciding to give a wage increase to the workers at Ford Motor Company. But that is a technical problem. I still recognize that there have to be unions and collective bargaining for some classes of state employees. Why, however, need there be any right to collective bargaining for faculty members in universities? I think faculty members should be asked serious questions, "Are you an individual? Do you find yourself well-educated enough and sufficiently articulate to make your case with regard to what you are worth, with regard to what you should be paid, with regard to the competence that you exhibit?" Or, "Are you a mental basket case and so inarticulate that you are absolutely indefensible apart from the protection of a shop steward?" If a faculty member claims the former, he doesn't need a union. If a faculty member claims the latter, he should be fired on the basis of his self-confessed incompetence.

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workers are organized; but in only nine years, 25 percent of college professors are organized.

There are, of course, some basic differences between industrial bargaining and what I'm going to term academic bargaining.

One of the principal differences is this: In the industrial sector, organized labor and the employer are adversaries; in the academic sector, organized labor, the college administration and the campus union have many common goals—among these is continued high quality accessible higher education.

No one ever claimed that the United Auto Workers was a friend of Ford, or Chrysler, or General Motors. Conversely, a strong case could be made that we wouldn't have public education in this country as we know it without the strong support of organized labor over the years.

I can't recall a single instance in which the AFL-CIO has lobbied against bills for higher education. It's a friend of education. When I talk about organized labor, I do not mean the National Education Association, which is a vested self-interest group. I'm talking about the AFL-CIO.

In discussing the fundamental difference in relationships between industrial bargaining and what's going on in education, I'd like to point out some common misconceptions. There is a tendency, I think, to believe that collective bargaining is a revolutionary movement on the campuses led by wild-eyed, long-haired, bearded, dissident, malcontent junior faculty. I assure you it is not. The American Council on Education did a survey about three years ago in which they profiled the typical college professor. It's no surprise to the women in th audience that the typical professor is a he. He's over 40. He's tenured. He's politically conservative —and religious on top of that. This description also fits the typical college faculty union member. If you go to a faculty union meeting, that's who you're going to sit next to. It's probably the most unlikely group to ever organize into a union in the history of the labor movement. In fact, most would deny that they're participating as members of the labor movement even though they bargain. Most don't even want to be called employees. It's not an egalitarian movement—that is, where all faculty should be leveled: one faculty, one rank, one salary. Faculty, in my experience, even in those institutions that have bargained for quite some time, want to preserve the fact that universities are meritocracies. And it's more than just lip service. They want that built into the contracts.

You know the old mythology that we target a campus and come with a station wagon full of slick literature and organize? Well, it just isn't true. College faculties essentially are organizing themselves with very little assistance from any of the national organizations. It is not a revolutionary force—it is fundamentally a conservative force on the campuses. Faculty want to maintain the status quo or maybe roll it back a few years to some period back in time where they thought they had more control, or more power than they now have over the future of the institution.

One of the problems with this whole topic is that we have divorced the concepts of collective bargaining for faculty, and my contention is that's only part of what you want to look at. There was an old slogan: Agitate, educate, and organize. In the labor movement, organize meant you were a union. We've got faculty unions who have been bargaining for years, but are not, in fact, organized.

I want to talk about organizing rather than just collective bargaining. Faculties organize for a variety of reasons. Some of these reasons are bargainable. Others are not. One of the reasons that faculties organize is to rid themselves of a tyrant president. Now this clearly is not a bargainable issue, but they do it. Look at the *Chronicle of Higher Education* over the last four years and compare those places looking for new presidents with those where there is collective bargaining activity. There's a tremendous correlation. While such groups may accomplish their purpose, this motivation rarely produces a strong union.

Another poor reason to organize is over a faculty member who is being fired. This is not even a good issue to bargain over. One of the good reasons that faculties organize is to procure some legislative influence. They want the voice of the faculty to be heard in the state house, not just the voice of the college president or the board. They want a faculty voice. They do want to bargain over what they see as their legitimate role in university governance, which they feel, rightly or wrongly, is being eroded. The primary motivation is not money. That's clear. They are pretty well paid by relative standards. It turns out that this was never a real issue, not even in industry. Salaried workers never organized over salary. The degree to which faculty

> "...in only nine years, 25 percent of college professors are organized."

are organizing does not show up on the charts in the *Chronicle of Higher Education* in the number of bargaining agents. I talk about 500 campuses bargaining—25 percent of the faculty. You should know, that even here in the South where you don't have any bargaining going on except in Florida, there's a lot of organizing going on.

I'll give you some numbers. We had 1,200 members, dues-paying AFT members, in the University of Florida system before there was ever a bargaining law. That is a high degree of organ-

ization in the absence of collective bargaining. We have a group called the United Professors of California numbering 5,000 members in a state university system of around 12,000 or 13,000 faculty. That's a high degree of organization, especially with no bargaining going on. We also have 500 members at the University of Illinois, Champaign-Urbana, a very prestigious campus and one of the

> "How universities are run is the major reason... college faculties are organizing."

elite of the Big Ten. And the 500 members are almost all associate and full professors. There is hardly a campus in the country where the faculty isn't interested in organizing. The problem with the word "collective bargaining" is how you define the word "bargaining." It may not be "bargaining" in the sense of being protected by the National Labor Relations Act, but it is bargaining nevertheless.

On the campuses, in a very general sense, the faculty senate engages—or its committees engage—in a limited form of bargaining. On any campus, you could view the faculty senate as a form of faculty organization. There's faculty association on most campuses and that is a degree of organization, but that doesn't mean they are not organized or organizing.

One of the problems is this whole area of professionalism and how it relates to craft- and guild-type unions and how this fits into the university scene. It turns out that collective action by college and university faculties is not anything new and goes back to the Middle Ages. The European universities were, in fact, simply guilds of master professors. That was a union structure and it was collective action and it was the way they exercised their professionalism. I sometimes think that this is essentially what college faculty in this country are seeking through unionization, and collective bargaining is an attempt to get back to a type of guild structure.

With respect to the South and this particular conference, chances are dim that there will be collective bargaining educational legislation in the South for years outside of Florida. But the facts are the faculties are organizing. We have chartered some large locals in North Carolina, Tennessee, and Texas over the past three years. They are not bargaining and probably won't for some time because they really don't want to. In the private sector, faculties could bargain now if they wanted to, but they don't. I don't know of any private institutions in the South that are bargaining, and there is no indication at all that the public ones would if they had a law. But this doesn't mean they are not organizing and setting their agendas. The basic question is: Why are they doing it? This question is receiving a lot of attention but not many good answers. My own theory is they organized for about the same reasons any other group of employees ever organized.

I uncovered a book last summer entitled *The Dynamics of Industrial Democracy* written by Clinton Golden and Harold Ruttenberg about 1942 which described the efforts of the Steelworkers' Organizing Committee to organize the steel industry in the country in the '30s. Steelworkers joined the unions in the '30s essentially for three reasons. They had certain basic needs that had to be satisfied. One was economic, although that was not the primary reason. Another was to satisfy certain psychological needs, and the third was to satisfy social needs. I'll get to the social needs last—I think that reason applies most to the campuses. The psychological need that the authors felt caused the steelworkers to organize was described as follows. They said that deep in the heart of every worker is the secret desire to tell the boss "to go to hell." The way the workers traditionally had satisfied this need was to walk into the boss's office and say, "Hey, I've got another job and you can go to hell!" But in the steel industry in the '30s there just weren't any places to go. There is a strong analogy between this and the present situation in academe. It is difficult to find a job. Some of the very brightest new Ph.D.'s are drifting around from one small college to another, from one mediocre place to another, on a two-year contract here, a three-year contract there. We have lost some of our brightest scholars—people who would have had jobs at major universities but don't because people who have them are not giving them up.

Golden also noted that one of the reasons steelworkers organized is they wanted to have something to say about the way the plant was run. This translates into governance. How universities are run is the major reason, in my opinion, why college faculties are organizing. I could draw from my own personal experience at the University of Delaware, a good, essentially private, publicly assisted university. It was a wealthy school, had a good program, and I had a good job there. I was angry most of the nine years I was there but I was never angry on payday. I was angry the way the elite administrative echelon was running the place and I knew that after seven or eight years the university had gone downhill. It wasn't my fault and it wasn't my department's fault. We were doing a good job. What bothered most of us was the general feeling that we didn't have enough to say about the things that counted. We established a faculty senate but it was a hopeless failure. We therefore decided that instead of a faculty senate, it should be a university senate. As a result, administrators joined the senate and consequently came when they wanted to, voted as a group, and

effectively blocked any corrective action that the faculty wanted to initiate through this body. As might be expected, the faculty organized for collective bargaining the following year and they bargain yet at Delaware.

One of the problems we encounter in talking about collective bargaining is the vocabulary and we are all guilty of it. We have adopted the vocabulary of industrial sector bargaining. I know as a faculty member I was offended the first time that a college president referred to me as an

> "College faculties are essentially organizing themselves... it is fundamentally a conservative force on the campuses."

employee. And it's only very recently that you can talk about college management instead of college administration. We talk about grievance, arbitration, the word "bargaining;" all these words have precise meanings to people with experience in industry but they are foreign to the academy and conjure up all the fears and phobias you can possibly imagine—not just among administrators but faculties themselves. With a different vocabulary we might be able to analyze faculty collective bargaining more rationally. While the vocabulary is the same as in industrial bargaining, the process and the results of faculty collective bargaining are totally different for some very fundamental reasons. First of all, there is a legitimate faculty management role. There is really no management function for an employee in the automobile industry. Faculty have enjoyed some management prerogatives and are going to continue to enjoy them even though they are bargaining. The process is fairly adaptable to this. There is also faculty-management interchange. Faculty move into administrative positions and then back into faculty positions. This means you have managers moving in and out of bargaining units which in turn leads to different process results. Also, there is the fundamental recognition by legislators, faculty and the administration that faculty should in fact have its own role in governing the institution. All these things contribute to the fact that faculty collective bargaining or academic collective bargaining is different than industrial bargaining. In my opinion, Don Walker, president of Southeastern Massachusetts State University, has coined the proper jargon for faculty collective bargaining contracts. He says they are constitutions. What you do is sit down with the faculty union and write a constitution for the institution, a set of governing regulations.

Among some other thoughts I wanted to share with you is the fact that academic collective bargaining usually is not very adversarial. There are some exceptions, there is no question about that. There have been some strikes. But it's not usually that way and it need not be. One of the reasons it is not usually adversarial is that in 90 percent of the issues that are "bargained," faculty and management want the same thing. I don't think there is a college president in the country, I'm sure there isn't, who wouldn't like to see his faculty be a little better paid, have a little better fringe benefits. I don't think there is a college president in the country who wouldn't like the faculty to have smaller classes and reduced teaching loads. Likewise, very few of them would say that tenure isn't a good thing for the institution, and none would deny that academic freedom is an essential ingredient in a good university. Yet, these are the things that wind up in a contract. So you are bargaining over issues with which, for the most part, both parties are in fundamental agreement in principle.

There are, of course, good relationships and bad relationships. There is an old adage in the labor movement that management gets the kind of labor relations it deserves and this is true in the university. There are some very pleasant, good working relationships and there are some bitter, ugly ones. Essentially, academic collective bargaining is simply a formalization and a codification of existing practices and policies.

Additionally, there are some specific advantages for legislators in faculty bargaining and I'll mention just two. One is that for the first time in many institutions in many states it brings about institutional accountability of public monies. In all too many so-called public institutions, there is far too little accountability for the university's budget. At Delaware it went this way. The University got

> "They want the voice of the faculty to be heard in the state house..."

one-third of its operation funds from the state but there wasn't a line item in it. Although the question was constantly raised, the state of Delaware does not even know how much money the president of the University of Delaware makes. Now that's absurd in a public institution. The second advantage is that faculty bargaining does bring about faculty input into legislative decision-making about higher education in the state. I think you as legislators want this; I would hope you would.

Selected Excerpts from the Discussion Period on Collective Bargaining

On Strikes . . .

Dr. Nielsen

We organize in some of the most rotten universities you can find. There are places that are run very badly. The faculty organize on those campuses where they perceive they have some real problems. In the final analysis, management gets the type of labor relationships it deserves. With respect to the strike, we talked earlier; in some places faculties are not playing at unionism, they don't play at it in the city colleges of Chicago. Our president there spent 30 days in jail once, and eight days another time. It's a very deadly serious business and that's a genuine faculty union there. We have a very strong internal education program to teach faculty members what they're getting involved in and how it should work. We teach them what collective bargaining can do for them, and what it can't do.

Dr. Silber

I think that a university ought to be prepared to take a strike; that's when you find out whether the faculty are really prepared for collective bargaining. A UAW family has a strike kitty. They have saved up money for it. The faculty member doesn't even think about being out on strike. And 30 days after he's out on strike, when he finds out that he has been replaced by some other professor only 26 years or 29 years of age, and when he finds out that 31 days have passed and that the rent hasn't been paid or the mortgage hasn't been paid, at that time his wife is going to say, "Take off your blue shirt and stop singing 'Joe Hill' and go back to work." Faculty members are playing at being union men. That is why I say the debate should take place before the rank and file of the CIO and the AFL, because those guys play for keeps. The faculty are playing parlor games and the best way of giving them an "Aha" Erlebnis—that is German for finding out what the hell things are really like—is simply to have some institution take a strike and see what happens.

On Binding Arbitration . . .

Dr. Nielsen

There are two types of binding arbitration—arbitration of grievance under a collective bargaining agreement and arbitration of impasse issues. Every union I know of wants third-party arbitration of grievances. However, these same unions are opposed to binding arbitration of impasse, and you will find that most management is also opposed to this type of arbitration. The reason that we're opposed to binding arbitration of impasses in negotiating process is that essentially both the management and the union give up control over the process.

Dr. Silber

The trouble with an arbitrator is that the "tremble" factor affects him only at one point: He wants to be sure to make a decision in such a way that he will be invited back again by both sides to arbitrate. As a result there is an abdication of a thoroughly objective assessment of the issues and far too much pettifogging designed to reach a solution that gives each party something whether it is reasonable or not. Now if the rights and wrongs are evenly divided, arbitration is beautiful. If they are one-sided, arbitration is a disaster. In such cases, arbitration is merely a way of institutionalizing injustice. If you are going to have arbitration, it ought to be done by a specially appointed *ad hoc* legislative committee, and have nothing to do with the typical arbitrator who makes his living by that kind of arbitration and therefore hopes to be called again.

On Collective Bargaining Legislation . . .

Dr. Nielsen

You don't get collective bargaining laws passed by accident. Collective bargaining laws are passed in states where it's so painful not to have them that it's in everybody's interest to go ahead and do it. I think you are asking for trouble if you pass a collective bargaining law and exclude college faculty, segregating them out as something different than other public employees, even though they're in fact slightly different. I don't anticipate a rash of collective bargaining laws being passed in the South for some time. I would anticipate more organized effort—political coalitions are being put together of interest groups supporting higher education. There's a lot of activity and a lot of things that faculty can do without going to the bargaining table. And often times that's all they want.

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Frank A. Schmidtlein
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Anne Seawell
Director
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John Silber
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